

SOCIAL COSTS OF TRANSITION  
INTERNATIONAL REPORT

by

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Zsuzsa Ferge, Endre Sik, Péter Róbert, Fruzsina Albert:.  
**Societies in transition. International report on the Social Consequences of the Transition,**

A survey carried out as part of the SOCO project initiated and coordinated by the Institute for Human Studies, Vienna. Cross-national report on five countries, prepared by IWM, Vienna, 1995 . (The report was never published.)

## **Introduction**

*Zsuzsa Ferge*

The social consequences of the transformation are of great interest not only to those living in the transition countries. The political implications of these consequences have meaning far beyond the boundaries of these countries, and it is difficult to emphasize enough the intrinsic interest of this "great transformation" for the social sciences. No wonder several major investigations mapping various aspects of the transition process are already underway. Under Richard Rose of Strathclyde University, the "New Democratic Barometer" was administered in first seven, then ten and later in thirteen transition countries, during which more than 60 surveys were carried out to gather information on such issues as demographic changes, survival strategies and political values. A major survey of the circulation of the economic elite and of changing stratification was carried out in six countries in 1993-1994, led by Donald Treimann and Ivan Szelenyi of the University of California at Los Angeles. Since 1993 the Luxembourg Income Study East-West project, under Tim Smeeding of Syracuse University, has organized a series of workshops in which participants from about ten countries deal with such problems as income inequality, health and the environment -- work which has been based primarily on the secondary analysis of existing data.

However, these and other comparative research projects have not tried to map in a complex way the everyday processes of people's experience under the transition, such as the impact of the changes on ways of life, people's reactions to the new conditions, the manner people try to cope with new challenges, and their difficulties adjusting to new institutions or new values and ideologies.

The Institute for Human Sciences (Institut für die Wissenschaften vom Menschen [IWM]) realized relatively early that this aspect of the transition was somewhat neglected in comparative research. It started to stimulate groups of researchers to turn to these issues, and helped support the implementation of already existing research ideas. A complex project evolved out of these efforts known as the Social Costs of Economic Transformation in Central Europe (SOCO). A main effort of this project was to create a comparative, reliable source of data reflecting the social impact of the transition, for the use of scientists and others in the region seeking to shape or inform social policies in the region. The first part of this Central European Database for Social Policy consists of a harmonized collection of indicators from the main statistical sources and sociological surveys in the Czech Republic, Hungary, Poland and Slovakia. The other part is an original survey, the first results of which are presented here.

## ***1.1. A summary of the main results***

In an executive summary we cannot do justice to the wealth of information contained in the report. We limit ourselves here to highlighting some findings that seem particularly relevant and adding background information to our interpretation of the results.

One of the principal aims of the survey was to identify the winners and the losers of the transition. Initially, this effort could be done on the macro, regional or national levels. The transition is, obviously, from a dictatorial "state socialism" to democracy and a market economy. It also consists of a shift to a new society, one with a different, less stifling structure, and involves many other more or less unexpected processes.

### *Some background information*

The gains in the sphere of politics, above all with respect to freedom, are spectacular. This is true even if the new freedoms have misfired in some countries. In the absence of institutions and traditions of conflict resolution, formerly repressed passions--be they nationalist or others--have exploded, leading to tragic civil wars in at least two countries<sup>1</sup>. In many others, though, such as the Visegrad countries and the Baltic states, the pluralization of the political structure is on route to consolidation or is already well established.

The transformation of the economic sphere has proved to be more difficult than expected. The simultaneous alteration of all economic institutions--of change in ownership and output structure, of switching from command to contract and from forced cooperation to free competition--would have been difficult whatever the conditions. It happened, however, during a world-wide economic recession and the intensification of international competition. One of the consequences was that the developed countries were so intent on preserving and improving their own position that the interest in preserving a global equilibrium, or at least of preventing a growing development gap between countries, fell out of sight. This gap is by far greater on the global level now than it ever was<sup>2</sup>. The gulf between developed and developing countries is staggering: the magnitude is about 300-fold between the poorest and the richest country. But the distance is also large and growing between the first and what used to be the second world. The average per capita GDP is about USD 2,500 in the transition countries, against USD 21,000 in the 22 richest countries.

Instead of the economic and social convergence expected by many in previous decades, a complex, multi-faceted movement is taking place. Alongside increasing polarization of economic levels, there are also tendencies of globalization, including global issues, global movements and global organizations. This latter tendency seems to be particularly potent in the case of the economy: here, a supranational market is developing, complete with international and supranational agents. The second consequence for the transition countries stems from this: the global pressures to "adjust" to the

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<sup>1</sup> In 1995, 9 of the transition countries including some in Central Asia had war on their territories. The number of estimated deaths over this population of 49 million was around 380.000, and the number of refugees and internally displaced persons amounted to about 7 million (Milanovic 1996, p.6.).

<sup>2</sup>The Earth now has 5.4 billion inhabitants.

- 3.1 billion--close to 60 percent of mankind--live in the 40 poorest countries, with a per capita GDP of USD 350 a year (only around USD 100 in Mozambique, Tanzania and Ethiopia);
- 1.4 billion--around 26 percent--live in the 62 middle-income countries with a per capita GDP between USD 700 and 7000; and
- 0.8 billion--or 15 percent of mankind--in the 22 richest countries. In the last group, the average per capita GDP is USD 21,000, with Switzerland at the top, having USD 33,600 per head per year (*World Development Report*, 1993), Tables.

new international scene have become very strong. They curtail the margin of freedom the new democracies have to look for relatively autonomous ways of development. These pressures are very different from the political dictates of the former Soviet Union, which insisted upon alignment and "loyalty" with the threat of force, precluding genuine national independence. But, although less direct and threatening, the new pressures also require compliance with rules and institutions that may be at odds with more organic trends in these countries, as well as with popular expectations, wishes and values.

The end of socialist dictatorship was followed everywhere by serious economic trouble, including decreases in production, rising unemployment, inflation, and so forth (see Table Int.1 for GDP data). These trends seem to have slowed down or even to have changed direction in recent years, at least as far as production is concerned. (East Germany is unfortunately missing from the . The fall of production was more spectacular there than elsewhere, but the turnaround had already started in 1990.)

One of the consequences of falling production and the pressures stemming from the transformation is the rapid emergence and increase of unemployment. This seems to be one of the prices which have to be paid for the fake full employment of the past, which was combined with a high rate of within-wall unemployment (See Table Int. 2.a and 2.b). Whether this was the only possible way is hard to decide: at least until 1997 the Czech Republic seems to have been able to have avoided it. One of the self-evident consequences of the above processes was a high rate of inflation slowly subsiding from the mid-nineties, and a falling level of real wages (see Table Int. 3). All this led to a rapid escalation to old and new forms of poverty discussed in more detail in Chapter 4.

Concerning the more unexpected consequences, one has to mention the human or demographic dimension. In one of the studies dealing with the aftermath of the transition, it is stated that "The mortality and health crisis burdening most Eastern European countries since 1989 is without precedent in the peacetime history of Europe in this century. It signals a societal crisis of unexpected proportions, unknown implications and uncertain solutions." (Cornia in UNICEF, 1994, p.v.). The pattern is not uniform, though, so that the demographic deterioration should not be overgeneralized. It seems that in many better-off (Central-Eastern European) countries the formerly decreasing and rather low life expectancy at birth is slowly increasing, and there is an improvement also in infant mortality (Tables Int. 4 and 5).

However, on the other side of the coin there is a general decrease in fertility and marriage rates, which is particularly dramatic in (the former East) Germany for reasons that are not very well understood. (See Table Int. 6). In some countries there is a high rate of excess mortality with the sharpest increase in mortality among male adults in the 20-59 age group. There are demographic dangers connected to spreading poverty such as, for instance, the revival of contagious diseases such as tuberculosis. The causes are manifold. Over and above widespread impoverishment (absent in Germany), increased uncertainty about the present and especially the future, which is conducive to stress or anxiety, may be of major importance.

### *Processes on the national level*

The identification of winners and losers within the countries is also of major importance. The results, couched in sociological terminology, are not unexpected. In all these countries an upper class has emerged that has a dual character. It consists of partly the new entrepreneurs and partly the high-level managers and professionals in economics and politics in both the private and public sectors. Many of those belonging to the new upper class had pertained to former ruling strata. However, the structural conditions that determine membership of this group--which now include ownership, marketable skills and the like, all established in a politically legitimate way--are different from the past. This new class has profited in all countries (maybe less in Germany than elsewhere) from the privatization of previously nationalized capital and from the new opportunities offered either by the

market or by a more legitimate state. (In many countries the difference between the official salaries of high-level state functionaries and of the rank and file has multiplied.) Predictably, the losers, who number between 30 and 60 percent of the total population, depending on the variable analyzed, are those who are low on all types of capital--economic, cultural, social, psychological or other. They were probably never among the best off, but in the former system most of them had gained existential security and some sort of, perhaps token, self-esteem. (This is to some extent true even for the Roma population.) More concretely, among the losers we find the unemployed, even if there are decent unemployment benefits (which is true only for Germany); many of the unskilled or semi-skilled; in some countries, village-dwellers (peasants); families with children, who are losing some family benefits and child-care services; and, as a result, some women.

The overall feeling of gain or loss may be represented by the proportion of those experiencing deterioration or improvement throughout various periods from before World War II up to the present<sup>3</sup>. As will be shown later in more detail (especially in Chapters 1 and 2), in the 1980s the proportion from all households of those feeling a gain since before the war formed an absolute majority in each country. In three countries, the rate of those experiencing deterioration in their personal position since the transition outnumbers by 2.5 to 5 the rate of those experiencing improvement. The main positive exception is Germany, where winners outnumber losers, and to a lesser extent the Czech Republic, where the two ratios are similar. All in all, though, and with the single exception of Germany, the ratio of people who feel that they are socially worse off now than before the war is higher, often significantly higher, than that of those registering an improvement. The difference between these two proportions differs significantly by country, but on the whole it does not offer a reassuring picture. It is particularly disturbing that 50 years after the war, after all the hard work, innumerable sacrifices and suffering of the majority, only a minority now feels that it is better off than before the war.

Consciously or not, when people assess the impact of the changes, they seem to take into account a number of factors. Of these factors, the changes in the economic situation of the country as a whole and of their own family are certainly important. It seems, though, that more subjective feelings, the most important of which are deceived expectations, play an even more momentous role. Their expectations of what the transition would mean were the establishment of a fully fledged market economy, political democracy and welfare arrangements that would counteract naked market forces and assure a modicum of existential security for everybody.

According to our results, people value everywhere the new political structures and their correlates, the new freedoms. They also believe that these structures are by and large securely in place. The feeling of a gain in freedom is the strongest in those three countries where they were most curtailed before--that is, in East Germany and the two countries emerging from the former Czechoslovakia, all of which, after the upheavals of 1968, had kept or acquired hard-line regimes. Also, in the case of Slovakia, there is a sense of gain due to the newly acquired national independence. By contrast, citizens of the former East Germany, while duly appreciating the improvement of their material condition, seem to have adverse attitudes induced by feelings of "inferiority."

In contrast with the positive evaluation of new and secure freedoms, there is a pervasive feeling in all the countries that the basic securities of income, employment, housing, the future of children, and so forth, are extremely important and that these securities are threatened or in many cases undermined. The analysis repeatedly shows that deceived expectations, threatened existential security and personally experienced deterioration may explain more of the overall assessment of the new

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<sup>3</sup>The wording of the question was as follows: Imagine a seven step ladder representing the social status or position of people in various historical periods. Where would you place your (or when you were a child, your parents') family, if seven means the highest and one the lowest position? The question was always answered by the head of the household (as was the whole questionnaire).



regime, as well as the feelings of gain and loss, than objective conditions on the macro or micro level. It should be added that the main losers are Hungary and Poland, the two countries where citizens were the best prepared, both economically and politically, for the change of system, and where inner forces did the most to prepare for the transition.

It is hard to overemphasize the potential political implications of these findings. It is not our task or intention to enter here into detailed conjectures about them. We will just mention that they may pave the way towards the escalation of left or right-wing populism, even in the countries in our sample where these political orientations did not have any visible support in the first years after the transition.

A final issue to be mentioned here is the restructuring of societies after the transition. The survey results may also be analyzed to understand this process better, with the SOCO reports containing just the beginning of such analysis. Two trends may already be discerned. One concerns the role of social determinants. Various types of capital--especially cultural and social, which can be transmitted over generations, even under adverse conditions--has always played a role in determining individual life chances. This transmission occurred even when dictatorial politics tried to stop or hinder it, attempting to stifle all spontaneous social trends. The forces operating behind this transmission have now become legitimate and are not suppressed, which is the basis of a free society. However, the unmitigated operation of the social "nemesis" means that upward social mobility, particularly in cases of the most deprived strata, will become more difficult. The second trend concerns the segmentation of society, ultimately leading to increasing inequalities, hardened cleavages and social marginalization or exclusion of the losers. Signs of this trend, and of its non-acceptance by a considerable majority, are already visible in many areas, from income distribution to coping strategies.

The transition was expected, welcomed, and, if conditions allowed, prepared for by an immense majority in each country. Five years after the victory of the new democracies, the balance sheet is ambiguous. There are clear gains: in political terms for everybody, in economic terms for a minority. And there are distinct economic and psychological losses affecting a sizable minority, or even a majority. Whether the present situation was inevitable--the "natural" corollary of the spontaneously emerging relationship between state, market and civil society--or whether a more reflected, better-monitored relationship between these three agents could have been achieved, is an open question. It seems, though, that there are two countries in which the spontaneous processes of gaining and losing have been checked. Despite rhetoric to the contrary, in the Czech Republic the state has retained a controlling influence in many economic and social spheres. And in (the former East) Germany, the transfer of (West German) capitalism occurred together with the transfer and financing of the institutions of a very elaborate and generous welfare state. (It is a different issue whether the financing of these arrangements will be sustainable in the long run.) One of the conclusions of this line of thought is that a more thorough knowledge of the unexpected and unwanted outcomes of the transition should lead to a rethinking of the roles and relationships between various social agencies, actors and institutions, particularly those between the state, the market and civil society. The main gain of the transition is freedom and democracy and a more open society. But an open society, freedom and democracy cannot flourish, perhaps cannot even survive, without potent social forces supporting and defending them. Hence the necessity of a powerful public discourse about the findings of the SOCO survey.

## ***1.2. About the survey***

Under the auspices of IWM, research teams were formed in four countries (Czechoslovakia (later the Czech Republic), Hungary, Poland, and, somewhat later, Slovakia.) They started work on the idea of the survey under the direction of Julia Szalai of the Institute of Sociology, Hungarian

Academy of Sciences, Budapest. However, after almost a year of effort, the teams came to the conclusion that a truly comparative survey could be assured only if conceptual and terminological issues were fully clarified. This was a fully justified condition, but demanded more effort and time than either the researchers or IWM could afford. Hence the project was given up by the participants in the spring of 1994. Meanwhile, IWM succeeded in raising funds for a new survey and committed itself to carrying it out relatively rapidly. Also, it was clear for many of the scholars that things were changing very rapidly, and a trade-off had to be accepted between rapidity and perfect conceptual clarity and comparability. At this point it became known that a panel survey had been going on in Hungary since 1991, which had by and large adopted the objectives described above. Thus the leader of the Hungarian survey was asked to head the international research. Zsuzsa Ferge, Department of Social Policy, Eötvös Lorand University, accepted this request with very tight deadlines, provided that the country teams could accept the Hungarian questionnaire as a starting point and basis for discussion. This condition was accepted by the country teams. It was clear to everybody that a new questionnaire would have required several months. Also, most of the items in the original questionnaire met with the approval of the country teams. Still, many alterations were needed, especially additions. Indeed, questions highlighting the particular problems of each country had to be added. The discussion and reformulation of the questionnaire started at a workshop in June 1994 and ended in November of the same year with a second workshop finalizing the questionnaire, after the evaluation of the results of the pilot surveys.

While the questionnaire was under preparation, Claus Offe suggested the inclusion of the Eastern part of Germany in the survey. Some time was needed to raise funds and find a scholar interested in joining the research. Thus the former East Germany joined the project only at the end of 1994; thus the questionnaire could not be adjusted to map problems particular to Germany.

The survey was finally able to take place in January 1995. Logistics are described in more detail in the documentation to the database. Having been selected by IWM, Szonda Ipsos Ltd., a survey center based in Budapest, became the main contractor, carrying out its task with the help of subcontractors in all the countries surveyed. Szonda Ipsos was responsible for international coordination, formatting and translating the questionnaire, checking the sampling methods, preparing the coding instructions, checking coding done in the home country, entering and cleaning the data, preparing data files (SPSS system files) (adding some newly constructed variables to the original set), and the preparation of the entire documentation. The subcontractors had to double-check the translation, carry out pilot surveys, evaluate and present their results, carry out the field work, prepare the field reports, and do the coding.

Throughout this process, the research teams in each country were in contact with the subcontractors; they participated in the evaluation of the pilot surveys and made suggestions for the improvement of the questionnaire. The directors of the project (Zsuzsa Ferge and Endre Sik, Department of Human Resources, Budapest University of Economics) were in regular contact with both the research teams and Szonda Ipsos and made the "strategic" decisions for the completion of the questionnaire, the coding instructions for open-ended questions, and the like.

The cleared files were made available to the researchers in July 1995. More precisely, at this point one file was made available, containing the answers to the questions, but arranged in a way that linked all data to the household as a unit. The preparation of the so-called individual file took some more time and was ready only in September 1995. The country reports and the international report were prepared between July and September 1995, so that the individual files could not yet be used. When reviewing the international report the individual files had been used whenever methodological reasons made this necessary. Thus for the calculations of average income or the distribution of the population the individual files were used. However they have not been exploited as yet in depth for instance to analyze the case of children or the unemployed as individuals.

The sample size--as agreed--is around 1000 households in each country:

Country	Number of households	Number of persons	Average size of households
Czech Republic	1000	2841	2.8
Poland	1039	3546	3.4
Hungary	1000	2853	2.9
(East) Germany	1116	2548	2.3
Slovak Republic	1000	3312	3.3
<b>Total</b>	<b>5155</b>	<b>15100</b>	<b>2.9</b>

The report consists of the following parts:

A. International Report (Zsuzsa Ferge, Endre Sik, Péter Róbert, Fruzsina Albert)

B. Statistical Appendix to the International Report (Zsuzsa Ferge, Manolis Karajanisz)

C. Country Studies

- Czech Republic (Petr Mateju, Jiri Vecernik)
- Germany (Uwe Engfer)
- Hungary (Endre Sik, Zsuzsa Ferge)
- Poland (Roza Milic-Czerniak)
- Slovakia (Rastislav Bednarik, Zdena Danekova, Jana Filipova, Silvia Rybarova, Silvia Valna)

D. The technical documentation contains the field reports, the questionnaire in all the languages used, the full description of the basic and created (standard) variables in alphabetical order and the marginal distributions of all variables. (The documentation is not published. It is available through IWM or at the national research centers.)

Because of the very short time available to the international team, both at the preparatory and the analytical stage, the reader should be warned about several weaknesses. Let us mention just some of the problems of which we are aware:

1. The concern of the original team about conceptual clarity was indeed warranted. This is a major difficulty, particularly in the case of education and employment categories. In the case of educational level, we apply throughout the report the usual categories, namely: "less than primary," "primary," "vocational," "secondary" and "higher education." While there is by and large a strict correspondence between countries concerning the contents and social value of secondary and higher degrees, this is not true for lower levels. "Primary" school may mean a different number of classes, for example, and it may have quite different implications in the various countries. The value and status of vocational education ("industrial apprenticeship" organized in various ways) varies in time and between countries. In the case of employment, comparability is always difficult to ensure. In our case, the definition of unskilled, semi-skilled and skilled workers may differ between countries. Many of these problems may be clarified at some later point. However, whenever we detected distortions, warning notes were added to the text.
2. Despite massive efforts of Szonda Ipsos to cross-check the translations, it may be that apparently identical questions do not have the same connotation in all the countries. This problem will surface when more elaborate analyses are done.
3. The belated inclusion of Germany meant that the final questionnaire could not take into account some of the specifics of the German situation, and also that the translation of the questionnaire was less than perfect. (For this reason, Germany had to be left out of some

parts of the analysis.) However, the bulk of the questionnaire could be used.

4. In Slovakia, for administrative reasons, the random sampling of households could not follow the usual routine of selecting from a pre-established list. Less orthodox methods were used (a random walk), in which case there was not much local experience. Hence the Slovak sample is less representative of the population as a whole than the samples from the other countries.
5. As will be mentioned at several places in the analysis, we now know (with the wisdom of hindsight) that some questions should have been formulated differently in order to be understood in a way that corresponded to the intention of the researchers. A case in point is the question about "freedom to form parties". This formulation, instead of eliciting answers concerning political freedom, is plagued by the fact that the interviewees associated it with party conflicts, of which they are extremely weary.

The report was written by non-English authors. Hence the editors, Helen Addison and ... had a difficult task. Prof. Bill Jordan read the manuscript in full, Prof. Adrian Sinfield in parts. Both made helpful comments and suggestion. The authors gratefully acknowledge the help of the editors and reviewers.

### ***c. Methodological notes for the volume***

1. Each chapter consists of a core text, a set of tables following the text, a methodological note if necessary and in two cases (Chapter 4 and 7) an Appendix containing more elaborate statistics.

2. Most tables analyzed in the text are gathered at the end of the chapters. They are serially numbered but the number is preceded by the abbreviated title of the relevant chapter. (The tables to the Introduction are designated by Int., and so forth.) They are referred to in the text by this designation. It should be noted that the Statistical Appendix which displays in a systematic way all important figures is not included in this volume.

Some smaller analytical tables are inserted in the text and numbered on the basis of the chapter (Table 3.1, 3.2. etc.). All charts are also inserted in the text and are numbered in the same way (Chart 3.1 etc.)

3. We endeavored to make the text understandable for the general public. Hence elaborate statistical methods are not displayed, at most reference is made to them. The single method somewhat more elaborate we used is linear regression to uncover the relative importance of various factors related to one independent variable the differentiation of which needed explanation. Even those results are usually presented in a simplified way.

4. Time was extremely short for the preparation of the first (country and international) reports. This entailed substantive and technical shortcomings only part of which could be corrected at later stages. To name only a few problems concerning only the international report presented hereafter:

- The report is essentially based on the questionnaire, more often than not without reference to background information (for instance, legal measures and statistics). The available literature is not extensively used, and there are no comparisons with other survey results.
- In some cases we use the "regional average" which is the simple unweighted average of the five countries. This is common practice in international statistics (UN, OECD and others), but in many ways it is misleading. It should be considered only a form of yardstick.
- We tried to double-check the calculations at the editing stage but numerical errors may still occur.
- We did not have enough time to search for the best-fitting models or to explore all analytical possibilities and many problems have remained unexplored in depth.

All in all we endeavored as far as possible to make the text readable and also to caution the

readers about possible uncertainties. We hope that despite all the shortcomings the results are meaningful.

### Tables Introduction

Table Int.1.

GDP in the countries in Central and Eastern Europe in the order of the situation in 1995 (1988=100)

Country	1989	1990	1991	1992	1993	1994	1995
Poland	100	88	<b>82*</b>	83	87	91	97
Slovenia	98	93	86	<b>81</b>	82	86	92
Hungary	100	97	86	83	<b>82</b>	84	86
Czech Rep.	101	101	86	81	<b>80</b>	82	85
Slovakia	101	109	86	80	77	80	84
Albania	109	99	71	<b>64</b>	72	77	81
Romania	94	88	77	<b>70</b>	71	74	79
Bulgaria	100	91	80	74	<b>72</b>	74	75
Estonia	98	90	80	69	<b>64</b>	68	72
Croatia	98	89	76	70	<b>67</b>	68	69
Latvia	106	109	100	65	<b>55</b>	56	57
Russia	100	100	87	70	62	52	<b>50</b>
Lithuania	101	96	83	52	<b>39</b>	40	42
Ukraine	104	100	88	73	61	47	<b>41</b>

The lowest point in **bold**  
WIIW, 1995

Table Int.2.a.

Changes in total employment, 1990-1994 (Annual average percentage change)

Country	1994 (Thousands)	1990- 1994a	1990	1991	1992	1993	1994
Bulgaria	3242	-25.7	-6.1	-13.1	-8.1	-1.6	0.6
Czech Rep.	4885	-9.6	-0.9	-5.5	-2.6	-1.6	0.8
Hungary b/	4045	-26.1	-3.1	-9.6	-9.3	-5.0	-2.2
Poland	14475	-14.9	-4.0	-5.9	-4.2	-2.4	1.0
Romania b/	10012	-8.5	-1.0	-0.5	-3.0	-3.8	-0.5
Slovakia b/	2110	-15.7	-2.6	-7.0	-7.5	-2.6	-0.4
Slovenia	752	-20.5	-3.9	-7.8	-6.6	-2.2	-1.8
CEFTA-4	25515	-16.0	-3.2	-6.5	-5.1	-2.7	0.3
Russia .	68484	-9.4	-0.4	-2.0	-2.0	-1.7	-3.3
Ukraine	23025	-9.4	-0.6	-1.2	-4.0	-2.3	-3.8

Source: ECE, 1995. p. 107; ECE, 1996. p. 84.

a/ Cumulative change over the period.

b/ End of year.

Table Int.2.b<sup>4</sup>.

Registered unemployment, 1991-1995 (Thousands and per cent of labour force, end of period)

Country	Unemployment (thousands)			Unemployment rate (per cent)				
	1993	1994	1995	1991	1992	1993	1994	1995
Bulgaria	626	488	424	11.5	15.6	16.4	12.8	11.1
Czech Rep.	185	167	153	4.1	2.6	3.5	3.2	2.9
Hungary	632	520	496	7.4	12.7	12.6	10.4	10.4
Poland	2890	2838	2629	11.8	13.6	16.4	16.0	14.9
Romania	1165	1224	998	3.1	8.2	10.4	10.9	8.9
Slovakia	368	372	333	11.8	10.4	14.4	14.8	13.1
Slovenia	137	124	127	10.1	13.4	15.5	14.2	14.5
CEFTA-4	4075	3897	3608	9.7	11.4	13.4	12.8	11.9
Russia a/	4120	5478	6040	...	4.8	5.5	7.1	8.2
Ukraine	84	82	127	...	0.3	0.4	0.3	0.6

Source: ECE, 1995, p. 111; ECE 1996, p. 88; Goskomstat, 1996, pp. 237 and 244.

a/ Based on monthly Russian Federation Goskomstat estimates according to the ILO definition, i.e. including all persons not having employment but actively seeking work.

Table Int. 3.

Annual index of real wages, 1990-1994 (1989 = 100)

Country	1990	1991	1992	1993	1994
Bulgaria a/	105.3	63.7	72.7	73.8	62.4
Czech Republic	94.5	69.6	76.7	79.6	85.8b/
Hungary c/	94.3	87.7	85.9	82.5	88.3
Poland	75.6	75.4	73.4	71.2	72.5
Romania	105.1	84.7	73.6	57.0	52.5
Slovakia	94.6	67.5	72.9	69.5	71.6
Slovenia c/	73.6	62.4	60.6	69.3	73.6
Russia	108.6	97.4	65.6	69.3	63.8
Ukraine	111.0	113.0	104.5	43.0	28.5

Source: UNICEF; 1995. p. 129. Table E.3.

a/ Estimate for the public sector

b/ Preliminary.

c/ Net wages.

Table Int.4.

Life expectancy at birth (years)

Country	1989	1990	1991	1992	1993	1994	Change between 1994 and 1995
Bulgaria							
men	68.6	68.4	68.0	67.8	67.7	67.2	-1.4
women	75.1	75.2	74.7	74.4	75.1	74.8	-0.3
Czech Rep.							

<sup>4</sup> Tables Int. 2 to 5 are from varied sources reproduced under the Tables, but in this form they are taken over from Szamuely, 1997

men	68.1	67.5	68.2	68.5	68.9	...	+0.8a
women	75.4	76.0	75.7	76.1	76.6	...	+0.4
Hungary							
men	65.4	65.1	65.0	64.5	64.5	64.8	-0.6
women	73.8	73.7	73.8	73.7	73.8	74.2	+0.4
Poland							
men	66.8	66.5	66.1	66.7	67.4	67.5	+0.7
women	75.5	75.5	75.3	75.7	76.0	76.1	+0.6
Romania							
men	66.6	66.6	66.6	66.1	...	...	-
women	72.7	73.1	73.2	73.2	...	...	-
Slovakia							
men	66.9	66.6	66.8	66.8	68.4	68.3	+1.4
women	75.4	75.4	75.2	75.3	76.7	76.5	+1.1
Slovenia							
men	68.8	69.4	69.5	69.4	69.4	...	+0.6a
women	76.7	77.3	77.4	77.3	77.3	...	+0.6a
Russia							
men	64.2	63.8	63.5	62.0	58.9	58.2	-6.0
women	74.5	74.3	74.3	73.8	71.9	71.4	-3.1
Ukraine							
men	66.0	66.0	66.0	64.0	63.0	62.8	-3.2
women	75.0	75.0	75.0	74.0	73.0	73.22	-1.8

Table Int.5.

Infant mortality rate (per 1,000 live births)

Country	1989	1990	1991	1992	1993	1994	Change between 1994 and 1995
Bulgaria	14.4	14.8	16.9	15.9	15.5	26.3	+1.9
Czech Rep.	10.0	10.8	10.4	9.9	8.5	7.9	-2.1
Hungary	15.7	14.8	15.6	14.1	12.5	11.5	-4.2
Poland	15.9	15.9	15.0	14.3b	16.1	15.1 b	-
Romania	26.9	26.9	22.7	23.3	23.3	23.9	-3.0
Slovakia	13.5	12.0	13.2	12.6	10.6	11.2	-2.3
Slovenia	8.1	8.4	8.2	8.9	6.8	6.5	-1.6
Russia	17.8	17.4	17.8	18.0	19.9b	18.7b	-
Ukraine	13.0	12.8	13.9	14.0	14.9	14.3	+1.3

Source Table Int.5.: UNICEF, 1995. p. 111 and 143.

a/ 1993 data compared with 1989 data.

b/ Changed methodology of registration.

Table Int.6.

Fertility rates (Number of children per woman)

	<b>1985</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>
Bulgaria	1.95	1.90	1.81	1.65	1.54	1.45
Czech Republic	2.06	1.87	1.89	1.86	*	*
East Germany	1.73	1.57	1.00	0.98	0.83	0.80
Hungary	1.83	1.78	1.84	1.86	1.77	1.68
Poland	2.33	2.05	2.04	2.05	1.93	1.85
Romania	2.26	1.92	1.83	1.56	1.52	1.44
Russia	2.05	2.01	1.89	1.75	1.55	*
Slovakia	*	2.08	2.09	2.04	1.97	1.93

Source: B. Nauck and M. Joos, 1995.



## Chapter 1

### Economic and political change

*Zsuzsa Ferge*

The unusually rapid and pervasive transformation of economic and political institutions in the region is well known. Of its many aspects, two main questions will be analyzed here: first, people's adjustment to economic alterations and, second, their attitudes toward the transition itself and the political implications thereof.

#### **1.1. Adjustment to economic transformation**

##### **a. Change in the structure of the labor market**

The switch from plan to market and from almost exclusively public to mixed public/private property relations affected people in many ways. One element of the process was the modification of the employment pattern in terms of employment versus unemployment, and in terms of jobs in the public versus the private sector. Government politics seem to have played an enormous role in dealing with the public sector. The reduction of the size of public employment has been an obvious requirement. However, governments appear to have had a degree of freedom in managing this change. In some cases the underlying rationale (with or without recognizing it) may have been that rapid closing down of public firms and institutions would produce savings in government subsidies, and the resulting unemployment would help the newly emerging private sector to find free labor. In other cases a more gradual course was followed, whereby the decrease in public employment was by and large harmonized with the labor absorption capacity of the unfolding private sector. We are unable to explain here the causes and motives that may have contributed to choosing either of the above options. They may include, but are not limited to, the composition of the inherited industrial structure, the burdens associated with inherited debt, the pressure of international agencies, the readiness of citizens to adjust to changes, and the idiosyncratic projects of the first freely elected governments.

Whatever the causes may be, the results vary widely. Apparently, among the countries studied here, only the Czech Republic took the second path. As a result, it avoided mass unemployment and paved the way for a much smoother transition, with better psychological results. One clear sign of the strategic difference is the relative rate of actives and inactives in the various countries.

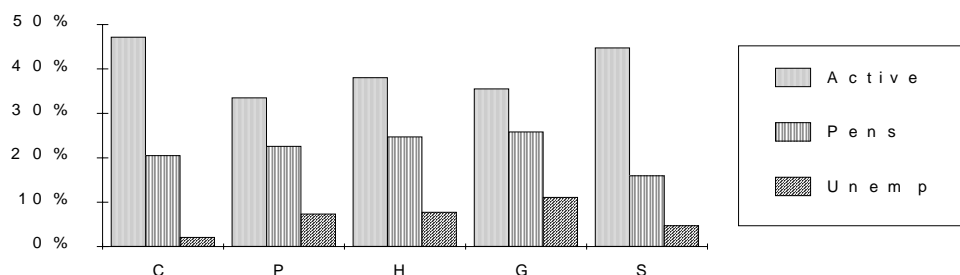
It is likely that employment has been shrinking everywhere, but the rate of change and the ways of managing this change have been varied. Leaving the labor market may take the form of retirement or staying home without declaring oneself as unemployed, or it may result in open unemployment. In order to assess the relative weight of these modes of exit, we present the ratio of active earners, pensioners and unemployed within the whole population (among all members of the households), and the distribution of adults according to employment status. The series differ because of demographic differences (the high number of children in Poland, the low number in Germany, the low number of elderly in Slovakia), but the tendencies are clearly identical. (Charts 1.1 and 1.2, and Table Ch.1 and Ch. 2)

Unemployment is the prevalent mode of exit in Germany, producing the highest rates of

unemployment and the lowest rate of dependent adults. The rate of pensioners is relatively high, but--as may be seen from the age structure of pensioners in Chapter 6 (Table Sp.3)--this is due to an aged population and not to early retirement. The Czech Republic has, together with Slovakia (where the figures have to be handled with caution due to problems in sampling), the highest activity rate and a low unemployment rate (in the case of the Czech Republic the unemployment rate is extremely low). In both countries the pensioner rates are relatively low, and the Czech Republic has comparatively little early retirement. (In the case of Slovakia, pensioners may be missing. The mean age is the lowest in Slovakia: in the Czech Republic it is 43, in Poland 41, in Hungary 43, in Germany 47 and in Slovakia 38. The low Slovak figure is mainly due to the low frequency of single pensioners in the sample.) However, in both countries the ratio of adult dependents is far higher than in Germany, suggesting that withdrawal from the labor market without registering as unemployed occurs in both countries. Poland and Hungary both have high rates of pensioners and of unemployed--close to the German rates. The difference in the ratio of dependents, which is unusually high in Poland, produces the lowest activity rate in the region. The silent withdrawal from the labor market occurs in Hungary to the same degree as in the Czech and Slovak Republics. It is worth noting that both the definition of unemployment used, and the unemployment rates presented here are different from official statistics which seldom present the rates of the unemployed within the population. However, the relative magnitudes are similar, and the data presented hereafter provide a clearer context for unemployment<sup>5</sup>. (Chart 1.2 presents the countries in decreasing order of activity rates.)

Chart 1.1.

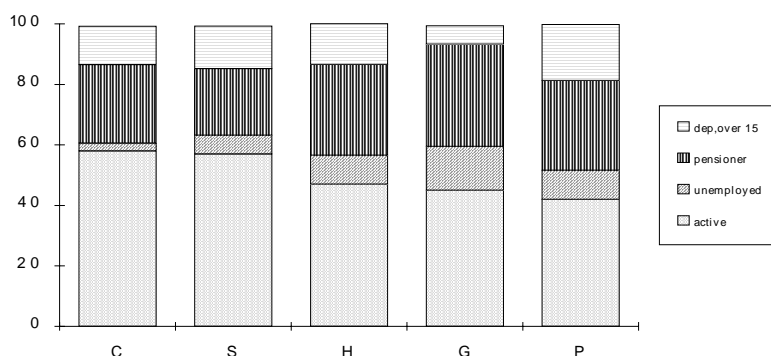
Percentage of actives, pensioners and unemployed among all household members



<sup>5</sup> The relationships between unemployment and its impacts on the family will be explored in Chapter 5.

Chart 1.2.

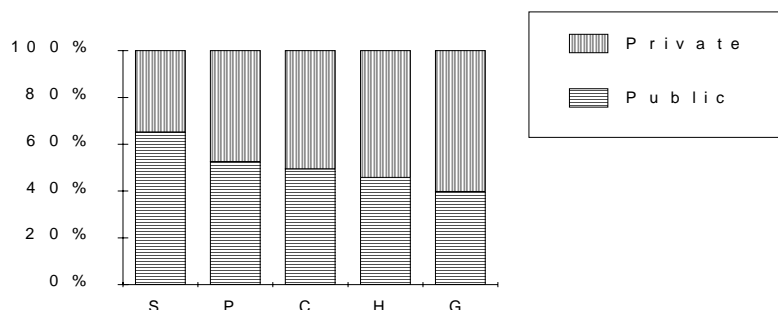
The percentage distribution of adult members (over 15 years of age and out of school) according to employment status



One way of handling unemployment, as suggested previously, was to try to harmonize the decrease of the public sector and the contiguous increase of the private one. This succeeded only in the Czech Republic, where unemployment is the lowest, and the private sector is relatively developed. In fact, the Czech Republic occupies a middle position in terms of the rate of earners in the private sector. Slovakia still retains a strong majority of earners in the public sector, but even the slower layoff strategy failed to prevent unemployment. In Germany and Hungary shock therapy<sup>6</sup> applied to the state sector and, particularly in Hungary, to the cooperative sector as well, has led to high unemployment (Chart 1.3, Table Ch. 3).

Chart 1.3.

Distribution of earners between the public and private sector



The situation of the Czech Republic is exceptional in one more respect, which may also be interconnected with low unemployment. In all the other countries the more educated, more well-positioned people succeeded better than others to avoid layoffs and to maintain their place in the public sector (while there were not too many openings for highly qualified people in the private sector). In the Czech Republic the ratios between the public and private sectors are significantly different. The ratio of low-skilled, uneducated workers, who have limited opportunities in the private sector, remained high in the public sector. Meanwhile, a large proportion of the better educated flocked into private jobs, which seem to be more attractive to this group (Chart 1.4 and 1.5, Table Ch. 4 and Ch. 5). Whether the maintenance of publicly financed lower skilled jobs is due to deliberate policies or whether it "just happened," the Czech Republic thereby succeeded in avoiding the major

<sup>6</sup> Shock therapy is usually associated only with Poland. In fact Poland was the only country to have an explicit blueprint for the application of shock therapy on the macro-level. The other countries have, however, experienced also a number of shocks on various levels.

social plague of the other countries; the emergence of a stratum that is largely condemned to long-term and hopeless unemployment. The additional danger in these countries is the formation of a marginalized "underclass," especially because, as will be shown later, the social provisions for the unemployed are extremely scant, with the exception of Germany.

Chart 1.4.

Ratio of earners working in the public (state and cooperative) sector as a percentage of all earners within groups of different educational level

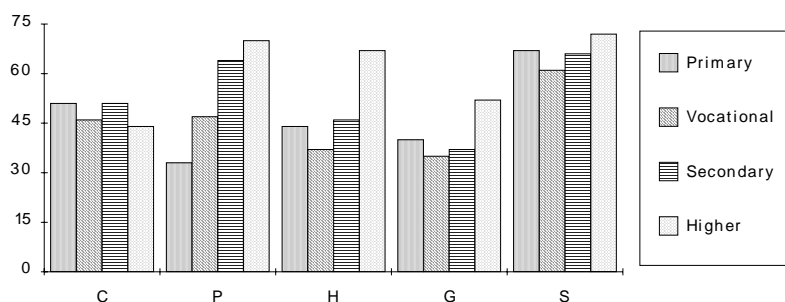
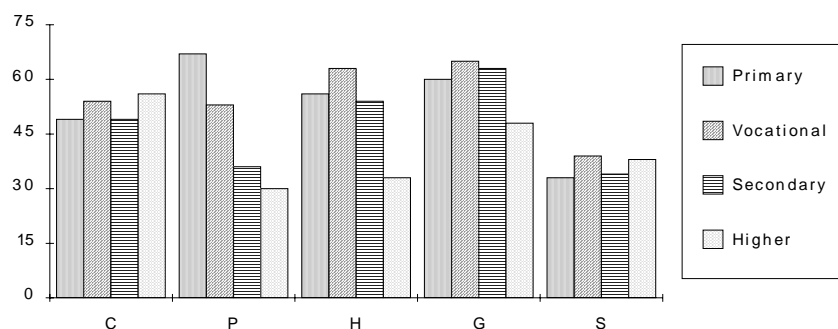


Chart 1.5.

Ratio of earners working in the private (and mixed) sector as a percentage of all earners within groups of different educational level



## b. Private ventures

Having a job in the private sector does not necessarily mean starting a private enterprise. The majority working in the private sector are employed. In fact, entrepreneurship started everywhere, albeit with differing rates of development and types of enterprise. We made a distinction between traditional small farming and entrepreneurship of a more recent type. (Block II of the questionnaire referred to the latter.) Hence, in what follows, traditional small farming, which is most prevalent in Poland, will not be considered.

Private enterprises form an extremely heterogeneous set that makes difficult both cross-country and within-country analysis. The impact of many factors may be hazy partly because of the particular conditions prevailing in each country. For example, it is rather likely that the powerful western influence (assistance, intervention, pressure) in former East Germany stifled many local forces. Also, it is probably true for most countries that the start of a private venture was often not a free and reasoned choice. Many have started without proper foundations. Leaving aside inherited farms, other constraining factors or unsound motivations have also played a role. In many cases, unemployed

people, or those fearing unemployment, have turned to small ventures as the only feasible way to earn a living. In other cases, people had dreams about making a quick fortune on the market without proper financial, cultural, or other foundations. Some of these accidental ventures or enterprises created under duress may have succeeded. But--as we shall presently show--market success does not depend on pure chance; weak foundations may easily lead to failure.

As the last line of Table Ch.6 shows, Poland and Hungary had a head start: private ventures started there earlier than elsewhere. In both countries early "regulated market" reforms and softening politics in the last years of the former system encouraged small ventures to some extent (or at least many obstacles were somehow lifted). In these two countries, and most particularly in Hungary, starting a private venture early was significantly related to cultural capital (family and educational background) and age, and was less influenced by the type of settlement. Current income shows no relationship with an early start, but current wealth does. This finding is interesting regardless of whether we assume that wealth was already there when they started, or whether having an early start helped them to accumulate wealth.

This head start was at least partly lost. The Czech Republic caught up with the early starters (more with Poland than with Hungary). The ratio of households having currently a (non small-farm) private venture is 17 (18) percent in the Czech Republic, 11 (13) percent in Poland, 15 percent in Hungary, 7 percent in Germany and 14 percent in Slovakia. (The second figure in parentheses includes temporarily stopped ventures.) (Table Ch. 6 and Ch. 9)

In all the countries the majority of private firms are small, being either individual ventures or cases of self-employment. (The difference between these two types is rather indistinct.) Limited companies or other types, which are actual or potential employers, are everywhere a small minority, reaching 20 percent only in the Czech Republic and Hungary (Table Ch. 7).

To start something new requires various resources, consisting of material as well as cultural capital. This hypothesis is fully confirmed as regards existing private ventures (even more than in case of early starters). As shown by Table Ch. 8, most sociologically relevant variables produce highly significant relationships, a fact confirmed by regression analysis. The strongest factors are the entrepreneur's own education, income, accumulated wealth, age and father's education. The role of the type of locality seems to be less relevant. Out of the psychological factors analyzed (regime change, political orientation, self-rated poverty and income change) the pure political factors produced weak relations. Other subjective factors such as self-rated poverty and the experience of increasing incomes are again strongly correlated with private initiatives.

The probability of having a prosperous venture (Table Ch. 10) or of being forced to close it down (Table Ch. 11) is significantly influenced by cultural capital (education). Even when the statistical test is not significant, the figures show a credible sociological trend. This trend is also true for future plans concerning the currently existing venture: the relationships are statistically insignificant (with the exception of Germany where the sociological relationship is absent), but the figures show a clear trend (Table Ch. 12).

It may also be that past experiences as well as expectations have some impact on the future. Out of the whole sample the ratio of those considering to enter into entrepreneurship is rather significantly tied to the educational level (Table Ch. 13). In this case the correlation with expected change in income (WEAL23) and in social status (SOCPOS45) is also strong. Again, it is hard to decide whether more optimistic people are more likely to start a venture, or whether they expect this improvement from the new venture. In either case the condition of self-fulfilling prophecy seems to be at work.

New economic attitudes concerning the use of money are also spreading. Obviously, the economic level of the country and the standard of living of the population determines to a large extent whether or not people can accumulate wealth. Germany is most advantageous in this respect, closely followed by the Czech Republic. Out of the traditional forms of saving -- money lending, accumulation of valuables, investing in real estate and depositing money in banks -- only the last one

is widespread. New opportunities -- investing in stocks, advance-saving schemes -- are slowly expanding. Apparently they are gaining ground most rapidly in Germany and the Czech Republic (Table Ch. 14).

The pressures of adjustment are felt in other fields, too. In about 20 percent of all households there is at least one member who is participating in some form of adult training or education, mostly in shorter courses. The only exception is Poland, where the figure is only 11 percent.

Another indicator of rapid change concerns the job changes of the adults. (We asked for this information only from the head of the household and his or her spouse, if there was one. In 25 percent of the cases the head was a woman.). Between 41 and 64 percent of households in which the head is under 60 years of age, at least one partner experienced a minimum of one change in employment (Table Ch. 15). Because we do not have comparative data from other surveys, it is hard to judge whether this figure is high or not. However, it seems that if approximately half of all households experience a change of employment in a relatively short period, this indicates a state of rapid change. This finding is especially significant because in about half of these cases there was more than one change in job status. The phenomenon is not entirely new, since labor turnover also used to be relatively high under the former system (at least in the last decades and in the countries that did not try to curb labor mobility). However, it was probably much less frequent than at the present time.

The most frequent forms of labor mobility are job change, entering the private sector, and going on pension (standard and early pensioning). Job change is not new, but the latter forms of change are. The degree of "adjustment mobility" (several job changes, joining the private sector) is the highest in the Czech Republic, and so is enrollment in the private arena. Germany follows closely in some respects, Slovakia in others. In Poland and Hungary (as we shall see later), a policy helps people to early retirement, which, even if more humane than outright unemployment, is not very helpful from the economy's perspective.

On the whole, the transition to a market economy places an immense burden on people. The former rules of survival were so difficult that it is hard to say that the new rules are harsher. But the rules are different, they have changed with extreme rapidity, and they promise futures for the various strata that are different from before. Hence, the opinions about the changes vary. While there are winners on every side, the modal opinions are, on the whole, far from optimistic.

## ***1.2. Evaluation of the changes***

### **a. Change in historical perspective**

In order to have a many-sided, and as reliable as possible, picture of the evaluation of the changes, we have approached the issue from different perspectives by means of several questions. People were asked to: compare directly the former and the present system<sup>7</sup>; trace their and their parents' social path in the social hierarchy; evaluate their past, present and future income position<sup>8</sup>; and answer open-ended questions about their perception of the good and bad sides of the transition. The results converge without being too redundant<sup>9</sup>.

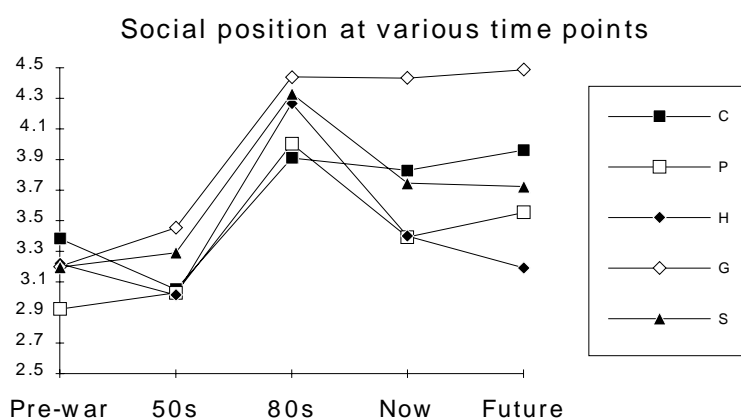
<sup>7</sup> Block 5, Q.12. "Considering everything, would you say that the present regime is better or worse than the system before 1989?" (5-point scale).

<sup>8</sup> Block 5, Q.1. "Here is a ladder representing the income distribution of the country. The most wealthy are on the top (7), the poorest are at the bottom (1). Please consider, where would you situate your household on this ladder in the past (3 years ago), now, and in 3 years from now."

<sup>9</sup> We tried several methods of extracting factors that could reduce the number of variables used in the analysis, but -- with the given time constraints -- the results were not satisfactory. The variable CLUTRAN yielded by a cluster analysis encompassing all the above variables is not very robust and will seldom be used, only for

The starting point of the analysis may be the overview of family history, which directly relates in a sense the "petite histoire" of families to the "grande histoire" of the last six or seven decades. (This process will be analyzed in more detail in Chapter 2.) The interviewees had to place their families, or their parents families (depending on the time period in question) on a ladder representing the global social situation of the family. The time points relate to the period preceding World War II, during the 1950s, during the 1980s, currently, and three to five years from now. Despite the well-known differences between the countries in the past, the trends in each country are almost parallel up to the 1980s. From then on, a clear divergence sets in with the transition. Public perception maintains that this divergence is increasing (Chart 1.6, Table Ch. 16).

Chart 1.6.



On average, the present is judged to be worse than the 1980s, although not as bad as the pre-war period or the 1950s. The prediction for the future is slightly optimistic in three countries: the Czech Republic, Poland and Germany. The Czechs and Germans expect to surpass the high point achieved in the 1980s, while Poles hope to improve their present lot but do not expect to realize their former high point. Slovaks anticipate no improvement, and Hungarians expect further deterioration. In none of the last three countries do people hope to approach the level of the 1980s. It has to be added already at this point that optimism or pessimism is not unconditional. When asked about their expectations of income only (not a complex social position), the difference between the more and less optimistic countries is reduced (Table Ch. 17).

It is a logical consequence of these ratings that in almost all the countries the best period of the family's life is judged to be the 1980s, except in the cases of Germans and Czechs, who prefer the present (Chart 1.7, Table Ch. 18). However, even in the countries that prefer the present, the 1980s are still considered to be second best as compared to other time periods. There is much less unanimity about the worst period. It may be the 1950s or the pre-war era. And for over a third of Hungarians the present is invariably the worst period, with the 1950s a close second (Chart 1.8, Table Ch. 19).

Chart 1.7.

The best period in the family's life

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illustrative purposes. More often we use the original questions or their simple combinations.

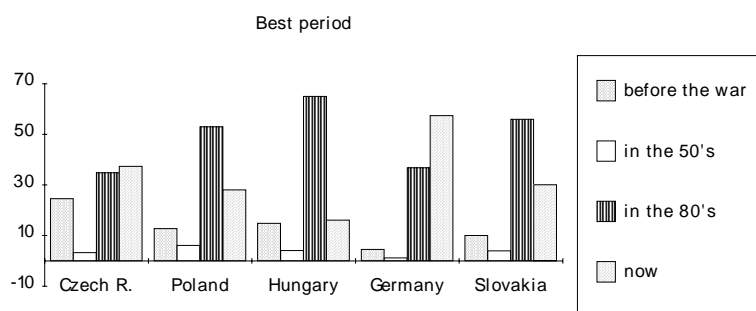
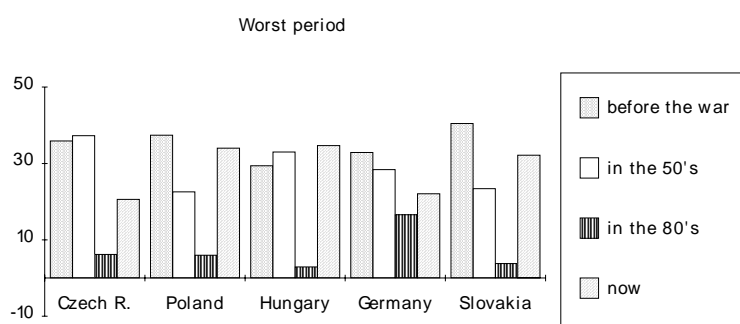


Chart 1.8.  
The worst period in the family's life

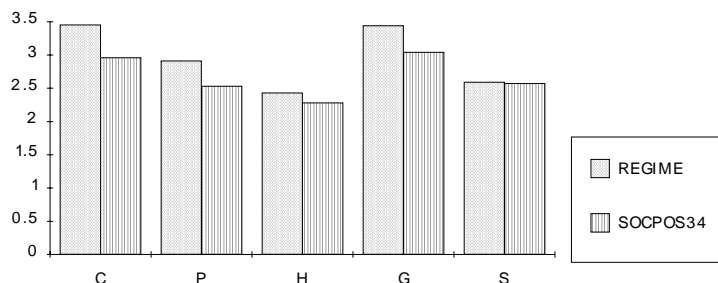


We are obviously aware of the fact that these retrospective opinions cannot be considered as facts. They reflect second-hand knowledge and impressions about the family's past in addition to various psychological attitudes. However, the same distortions arise everywhere, so inter-country or within-country comparisons are still informative. Moreover, the measures used are more fine-tuned and sensitive than we would have expected. Indeed, from the above series of ladders we have derived an indirect measure of the evaluation of the system change, in comparing the rating for the present and for the 1980s. There was also a separate question that asked whether "the present regime was better or worse than the system before 1989." The two measures refer apparently to the same phenomenon. However, the correlation between the two is not very strong. This outcome could simply indicate that people are inconsistent, which they often are. However, it seems that in this particular case it is not inconsistency that is at play, but the distinction people make between the consequences of the system change for society as a whole and those for themselves in particular. They evaluate significantly higher the advantages of the change for society as a whole than for themselves (on average). This result means that even the losers, while bitter about their loss, see some value in the change (Chart 1.9, Table Ch. 20).



Chart 1.9.

Mean scores for the evaluation of the regime change (REGIME) and for the change of the social position of the family between the 1980s and the present (SOCPOS34)



Averages, as always, hide considerable differentiation. Without being able to exhaust here all the analytical possibilities of these data (to which we shall later return), some of the variations have to be mentioned. The coefficients of variation indicate more or less homogeneity in the assessment of any one period. One of the major factors differentiating the judgments as well as the feelings of improvement or deterioration is the educational level. Again, it is amazing how similar are the perceived trends in the different countries, despite the well-known historical differences between them.

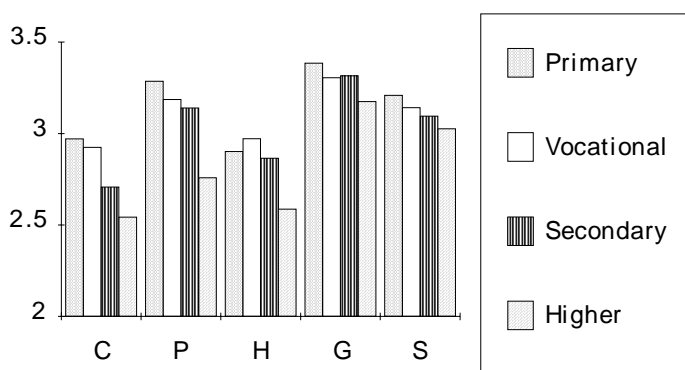
The change between the pre-war situation and the 1950s--which covers the transition from "capitalism" (or a semi-feudal or a fascist system) to "state socialism," and ultimately to its worst dictatorial period--is perceived as deterioration by a majority in the Czech Republic and Hungary, and as improvement elsewhere. But in each country there is a clear relationship between the assessment of change and the educational level; the better educated seem to have lost more or gained less than the less advantaged groups with the advent of 'socialism' (Table Ch. 21)<sup>10</sup>.

<sup>10</sup> The cut-off point between deterioration and improvement is three as shown in part b. of Chart 1.10.. The raw indicators derived from the comparison of two SOCPOS ratings, e.g. SOCPOS4-SOCPOS3, varied between -4 (1-5) and +4 (5-1). They were transformed into a new, all-positive scale of five grades. A deterioration of more than 2 positions became 1 (strong deterioration), and a deterioration of 1 position became 2 (slight deterioration). In the new scale 3 means no change, 4 means slight improvement and 5 indicates strong improvement.

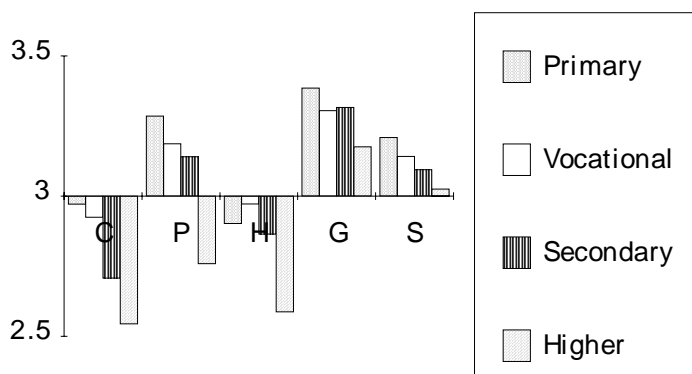
Chart 1.10.

Perceived change by educational level between the pre-World War II period and the 1950s.

a. SOCPOS12, means



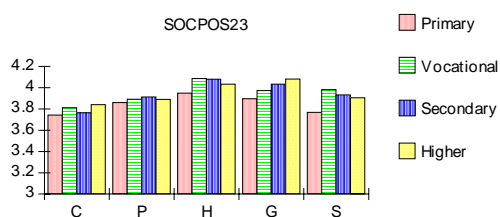
b. SOCPOS12, means presented so as to show felt deterioration and improvement



From the 1950s onwards there was a period of generalized steady improvement in the perception of all educational groups. The within-group and between-group coefficients of variation are relatively low, suggesting that this opinion is widely shared -- even by the citizens of countries where politics did not undergo the degree of change as in Poland and Hungary. Each group is far beyond the mid-point. The gain of the various educational groups does not show exactly the same trend by country, but improvement was felt the least by those on the lowest educational level. (Chart 1.11 and Table Ch. 22)

Chart 1.11.

Perceived change by educational level between the 1950s and the 1980s

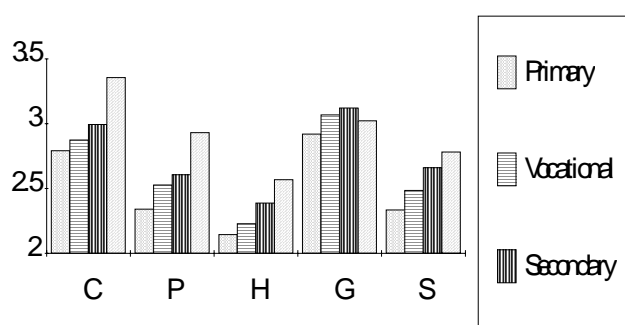


The transition is assessed as a loss in terms of social position by a sizable minority or by a majority in each country, and the proportional gain of the winners is smaller than the amount lost by the losers. This trend is particularly pronounced in case of groups of lower status, that is, those with a low educational level (Chart 1.12 and Table Ch. 23). Indeed, the only group that perceives significant improvement is the group of the best educated in the Czech Republic. Germany is somewhat exceptional, since it is the only country where the top educational group does not feel they have gained the most. This perception is probably rooted in the large-scale displacement of Easterners by Westerners in the highest administrative positions and positions with equivalent status.

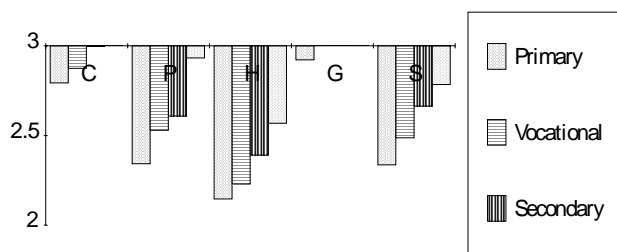
Chart 1.12.

Perceived change by educational level between the 1980s and the present

a. SOCPOS34, means



b. SOCPOS34, means presented so as to show felt deterioration and improvement

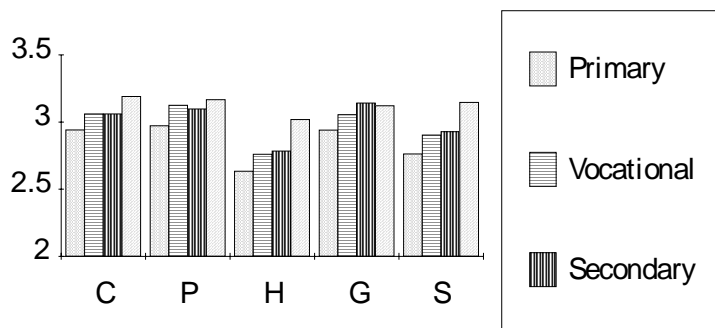


In the next period people expect by and large the continuation of the trend that has persisted since the transition -- that is, the higher placed groups expect to gain more. However, practically all the groups are more optimistic (there are far fewer people and groups under the no-change midpoint), and the difference between the better and the worse situated groups is less pronounced than that of the last period (Chart 1.13, Table Ch. 24).

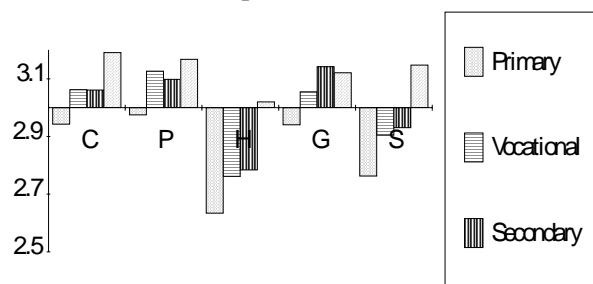
Chart 1.13.

Perceived expected change by educational level between the present and in five years from now

a. SOCPOS45, means



b. SOCPOS45, means presented so as to show felt deterioration and improvement



The above results are confirmed and completed by the answers given to control questions (position and change of position on the income ladder and assessment of the impact of the systemic change). Indeed, by combining the changes in the self-positioning on the income ladder and the social ladder, a complex variable of 'winners' and 'losers' was created<sup>11</sup>, to which we shall return at the end of this Chapter. Here we analyze only the perceived changes in the social position.

The comparison of the proportion of people who feel themselves "social winners" and "social losers" highlights perhaps more visibly than averages the attitudes of people. Table Ch. 25 and Chart 1.14 show the proportion of those experiencing deterioration or improvement throughout each period, and the long period between the pre-war situation and the 1980s or now. Without going into details, it is worth emphasizing again that the proportion of those feeling a gain since before the war formed an absolute majority in each country in the 1980s (Part b. and d. of Chart 1.15). With the exception of Germany, the ratio of people who feel that they are socially worse off now than before the war is higher than that of those registering improvement. The difference between these two proportions differs significantly by country, but on the whole it does not offer a reassuring picture. It is particularly disturbing that 50 years after the war, with the hard work, innumerable sacrifices and suffering of the majority, only a minority feels now that it is better off than before the war.

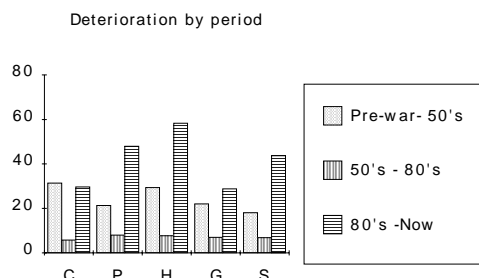
<sup>11</sup> This particular variable was proposed by P. Mateju.

Chart 1.14.

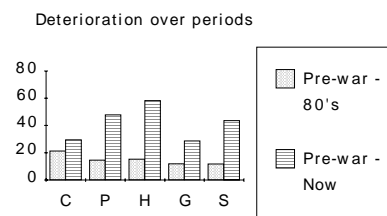
Percentage of heads of household perceiving change by periods and over the long period

from before World War II until 1980 or now

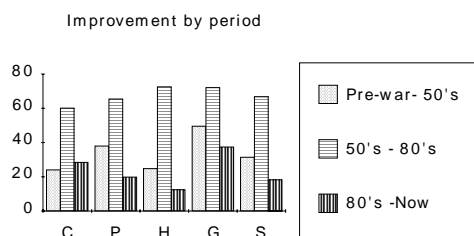
a.



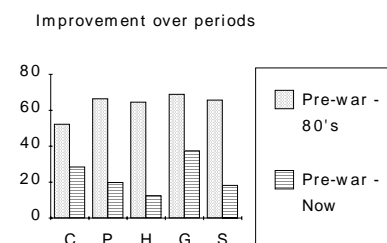
b.



c.



d.



## b. The contents of the change

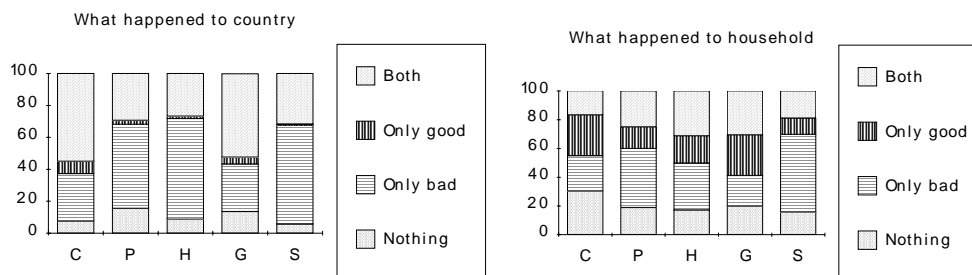
The answers to the open-ended questions confirm the above results concerning the more or less positive attitudes to the transition. Some reasons for the sense of loss will be presented in other chapters. Here we substantiate the point only by reviewing the answers to some open-ended questions that inquired about "good" and "bad" things that happened in the perception of the interviewees since 1990, affecting either the country or their family<sup>12</sup>. The open-ended questions have the advantage of soliciting spontaneous answers about what people feel is important.

In this approach, private life seems to be more satisfactory than public life. Slightly more people answered that mainly good things happened to their family, and much fewer said that only bad things happened (Chart 1.15, Table Ch. 26).

<sup>12</sup> Block V, questions 2 to 5.

Chart 1.15.

Spontaneously mentioned balance of good and bad events affecting the family or the country  
(% of head of households mentioning item).



Content-wise the differences may be partly idiosyncratic, and partly they may reflect genuine divergence in conditions. Events concerning the household fall into two broad categories, namely purely private matters and outside conditions affecting the family. As far as private, emotional matters are concerned, variations are significant, but it is not clear what is the reason of the differences. We just note that, for instance, Poles, Czechs and especially Hungarians mention much more frequently family matters than Slovaks or Germans, be they joys (birth, marriage, or even success in school of the child) or sorrows (death or sickness in the family).

The outside conditions positively affecting the family refer, for the most part, to improving material conditions. In Germany half of the interviewees mention better conditions, with a new or improved flat in the first place. In Poland another substantial item is the purchase of a car, mentioned by over 5 percent. Increasing income is much less frequently referred to. Changing politics positively affecting the family, especially by rendering possible private entrepreneurship, is mentioned only by slightly more than 5 percent, and only in the Czech Republic. Out of the non-emotional negative events, three are mentioned with high frequency practically everywhere: loss of employment (over 30 percent in Germany, 5 to 20 percent elsewhere); high prices or inflation (specifically the high price of household energy in about 5 percent of the cases); and low or decreasing income (5-15 percent, but about 50 percent in Slovakia).

Out of the events positively affecting the country, "better economy" means for the most part improved offer of goods. Better politics seem to be taken for granted. Only the Czechs mention spontaneously with relatively high (5 to 15 percent) frequency increased freedoms, among others entrepreneurial freedom. The list is richer in negatives. The single most important issue seems to be inflation, mentioned respectively by 20, 20, 40, 10 and 30 percent of the household heads. The second dominant concern is unemployment -- mentioned by 5, 20, 20, 45 and 20 percent. The third most frequently mentioned item is public safety, a dominant concern of the Czechs (40, 0, 10, 15 and 20 percent of household heads. It is hard to explain why the problem of public safety elicits so little reaction in Poland -- criminal statistics do not help to explain the result.) Poverty is the next item of concern although in low income groups it gets a second or third place. It is mentioned by 5, 10, 20, 10 and 6 percent of household heads.

There are no other general concerns--the answers vary widely. Some country specifics are worth mentioning, though. Deteriorating human relations and morals are mentioned by 15 percent of the Czechs, 10 percent of Slovaks, 7 percent of Germans, and almost nobody in the other countries. The Poles are particularly concerned about bad government practices and party quarrels. Almost 40 percent make a reference to this problem, which does not get priority in the other countries. (Around 5 percent of Germans and Slovaks mention it.) Bad practice of privatization is the most often mentioned concern by Hungarians (over 5 percent mention it). Table Ch. 27 gives an overview of the main groups of concern, without the above details.

### c. Evaluation of the regime change - winners and losers

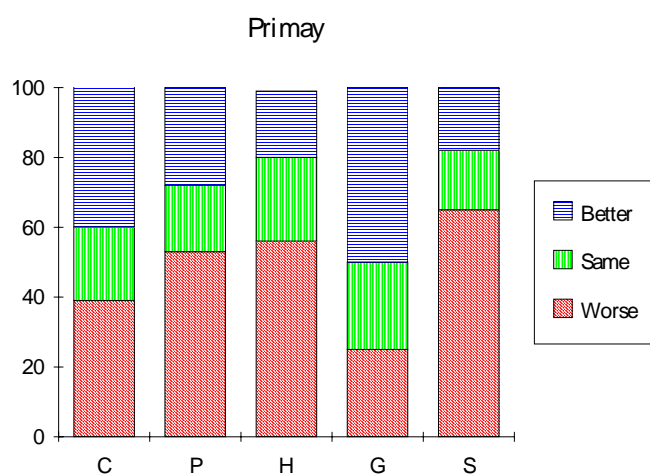
To conclude this chapter about the basic changes, we present the answers to the question that referred directly to the regime change and the results of the analysis based on the complex indicator of winners and losers.

As we have already pointed out, the change of the system is more highly evaluated than the change of one's own position. This difference is discernible in case of most 'hard' or 'soft' variables. It is clear from the comparison of Tables 1.28 and 1.29 that the educational gradient is much steeper in case of the evaluation of the regime change than in the case of winners-losers. This is particularly visible in case of the group with higher education. For instance out of the same 120 persons in the Czech Republic 84 percent think that the new system is better, but only 53 percent consider themselves winners. This difference exists in all the countries, in the most striking way in Poland: 75 percent give positive evaluation, but there are only 27 percent winners). This finding means that the best educated tend to place more value in the political content of the change than on their own personal gain or loss. The trend is similar in case of those with only primary education, but the differences are much less conspicuous: their abstract evaluation seems to be closer to their everyday experiences. (Table Ch. 28 and Ch. 29).

Chart 1.16.

Evaluation of the change of the system of extreme educational groups  
(% distribution of all answers to REGIME)

16.a. Household heads with primary and less



### 16.b. Household heads with higher education

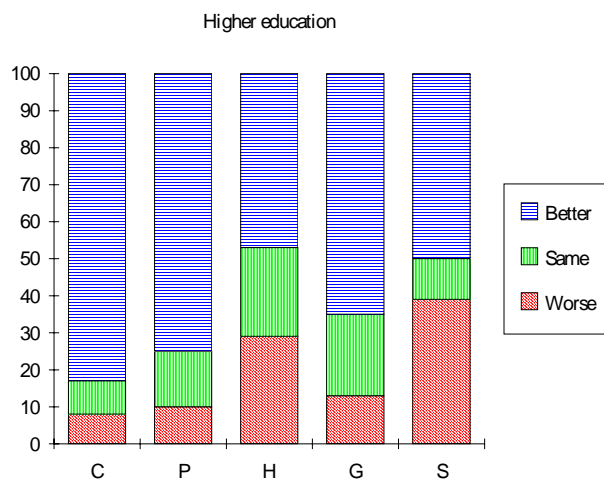
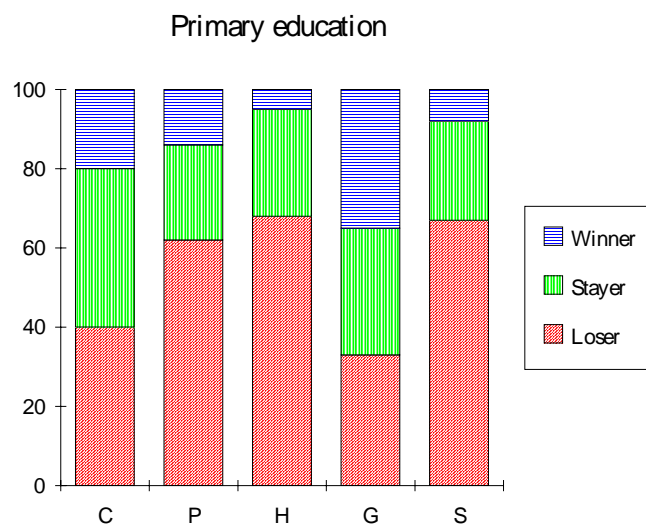


Chart 1.17

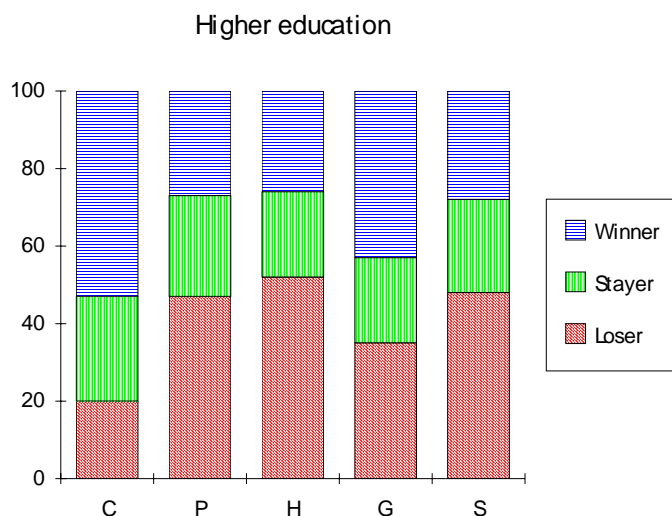
Feelings of winners and losers in extreme educational groups  
(% distribution of all answers to WINLOS)

### 17.a. Household heads with primary and less





## 17.b. Household heads with higher education



Some factors that one would assume to play a substantial role, such as age or the type of the settlement, do not produce significant relationships. However, other factors are very closely associated with the evaluation of the regime change. Of these factors, political orientation and subjective poverty appear to be the most momentous. For instance, the range of the proportion of those who find the new regime worse varies between 20 and 51 percent. The same ratios vary among the absolutely poor between 52 and 73 percent, and among the non-poor between 12 and 38. The same differences appear in case of the winners and losers. Table Ch. 30 and Ch. 31 summarize these proportions in the extreme groups.

Several regression analysis were run to check the combined explanatory force of some variables on the opinions about the regime change and the winner-loser feelings. Table Ch. 32 and Ch. 33 present each three series of these results. The first series (Table Ch. 32.a and Ch.33.a) displays country by country the main results of the regression equation run with the seven most significant 'hard' sociological factors as independent variables (income, wealth, job, education, private enterprise in the household, and two age classifications). They explain together relatively little, 9 to 17 percent of the whole variation of the differences of opinion about the regime change, and even less, 4 to 15 percent of the winner-loser feelings. The only variable which proved to be significant in all five countries in case of REGIME, and in four out of five in case of WINLOS, was the objective income level. The second more important variable in case of REGIME is everywhere the educational level or, more seldom, the job of the head of household. In case of WINLOS there are hardly any more significant variables.

Table Ch. 32.b and Ch. 33.b display the results of the equations run with political or attitudinal variables. The following 'subjective' indicators were included in the equation: the self-reported political orientation, the mean of the scores relating to the expected state responsibility (see Chapter 6 for more details); the difference between the evaluation of various types of freedom and of security (see Chapter 9 for more details); the expected change in income, an indicator of optimism or pessimism; the opinion about the degree incomes are sufficient to cover needs; subjective poverty, and the winner-loser variable when REGIME is analyzed, and REGIME when WINLOS is analyzed.

Almost all attitudinal variables show a significant relationship with the evaluation of the regime change. They explain a much higher percentage of the variations, ranging from 16 to 48 percent in case of REGIME, and between 15 and 26 percent in case of WINLOS. Thus in case of both sets of variables, and also in the third equations, which combine the impact of the objective and subjective

factors (Table Ch. 32.c and Ch. 33.c), the feelings about the regime change are better explained than the feelings of being winner or loser. This means that the second variable has a more complicated social and psychological basis, which cannot well be analyzed with our methods.

However, the structuring of the explanatory factors in the two main summary indicators is significantly different, and this permits to draw some tentative conclusions about their 'nature'. Chart 1.18 hereafter is presenting the summary results of Tables Ch. 32 and Ch. 33, namely it displays the part of the variance which is explained by the equations, and the level of significance of all the variables included in the final analysis.

Chart 1.18

The significance level of the variables 'explaining' the variations in the evaluation of the regime change and in the feelings of winners and losers

	C	P	H	G	S	C	P	H	G	S
Adj. R square as %	48	33	18	27	34	28	22	15	26	33
	Regime Change (REGIME)					Winner-Loser (WINLOS)				
EDUC1S4G	*	***		*		*	***			*
JOBSPSH1			*							
ALTOGC										
IUNIT5			*			**				**
AGECOH1							**	*		***
AGECOH2	*									
VENTYES										*
LEFTRIGH	***	***	*	***	***	**				
RESPONX	***	**	**	***	***			**		
FRESEX	***	***	***	*	***					*
POVER		*		***	**	**	***	***	***	**
WEAL23C	**		***		*	**		**	**	
COVER	***			*		**	**	**	***	***
WINLOS/ REGIME	**	**	**	***	***	**	**	**	***	***

The most noteworthy conclusions seem to be the following:

- The objective sociological factors have hardly any explanatory value in either case. More exactly, the simple correlations are often significant, and conform to 'rational' expectations: the economically and culturally better-off evaluate more favorably the regime change, and - even if in a less marked way - they feel more strongly that they are winners. However, when the objective and subjective factors are both included in the equation, the impact of the hard sociological variables is almost completely overshadowed by the soft variables. What remains of their impact is significant, particularly for the winner-loser syndrome. In a few countries there is in fact a positive correlation between being younger (under 40), and having a private venture, which is more visible in case of the winner-loser variable than in that of the regime change. (In fact, having a private venture had no impact on REGIME even when only hard variables were considered.)

- The opinions about the regime change are very strongly motivated by political factors. Those with a more leftist orientation, those thinking that state responsibility is admissible, or that security is

at least as important as freedom are more likely to think the new regime worse. (Hungarians are less divided by these factors than citizens of the other countries.) However, and this is surprising, none of these factors shows any significant connection with the winner-loser feeling. The main factors are in the latter case essentially related to the improving or deteriorating living standards. Subjective poverty, the sufficiency of incomes are basic, much more momentous in case of WINLOS than of REGIME.

- One final conclusion then returns to the finding emphasized already several times: people make a clear distinction between 'what is good for themselves and what they think good for society'.

All in all, the transformation of the regime, which was almost unanimously greeted with enthusiasm, has proved to date to be a mitigated success. The future may offer better solutions especially for those better prepared for a market society, but the less educated majority are not optimistic about the present or the future. The problem is that the same people who now feel themselves to be major losers and who will have to face further serious problems had more positive experiences in the past. The political implications of this ought not to be forgotten.

## Tables Chapter 1

Table Ch.1.

Active earners, unemployed and pensioners in percentage of all household members

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
All members	100	100	100	100	100	100
Out of them:						
Active	46	32	37	35	44	39
Unemployed	2	7	8	11	5*	6
Pensioner	20	23	25	26	16	22
<i>n (all members)</i>	<i>2841</i>	<i>3546</i>	<i>2853</i>	<i>2548</i>	<i>3312</i>	<i>15100</i>

\* This figure seems to be lower than official statistics suggest probably because of defective sampling.

Table Ch.2.

The percentage distribution of adult household members (over 15, out of school) according to employment status

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Employed	52	30	41	41	54	44
Self-empl. (farmers)	7	12	6	5	4	7
Unemployed	3	10	10	15	6	8
Pensioner	26	30	31	34	21	28
Dependent, over 15	13	19	14	6	14	13
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<i>n (all adult members)</i>	<i>2246</i>	<i>2696</i>	<i>2304</i>	<i>1949</i>	<i>2504</i>	<i>11699</i>

Table Ch.3.

The percentage distribution of earners among the public (and cooperative) or private (and mixed) sector

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Earners in public sector	50	53	46	40	65	52
Earners in private sector	50	47	54	60	35	48
Total	100	100	100	100	100	100
<i>n (number of earners)</i>	<i>1317</i>	<i>1159</i>	<i>1044</i>	<i>858</i>	<i>1433</i>	<i>5811</i>

Table Ch.4.

Ratio of earners working in the public (state and cooperative) sector as a percentage of all earners within groups of different educational level

	Primary	Vocational	Secondary	Higher	Total	n (earners)
Czech Rep.	51	46	51	44	50	659
Poland	33	47	64	70	53	614
Hungary	44	37	46	67	46	480
Germany	40	35	37	52	40	343
Slovakia	67	61	66	72	65	931

Table Ch.5.

Ratio of earners working in the private (and mixed) sector as a percentage of all earners within groups of different educational level

	Primary	Vocational	Secondary	Higher	Total	n (earners)
Czech Rep.	49	54	49	56	50	658
Poland	67	53	36	30	47	545
Hungary	56	63	54	33	54	564
Germany	60	65	63	48	60	505
Slovakia	33	39	34	28	35	502

Table Ch.6.

Percentage distribution of households according to date of start and survival of private ventures

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Never had private venture	81	87	81	93	83	85
Had it earlier, stopped	1	0	2	0	2	1
Has it now, started or restarted after 1990	17	9	14	5	14	12
Has it now, started before 1990	1	4	3	2	0	2
	100	100	100	100	100	100
Out of all: % starting before 1990	1	8	9	3	2	5

Table Ch.7.

Percentage distribution of (ever started) private ventures by type (VENTSORT)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Individual venture	57	57	62	43	71	60
Self-employed (family venture)	18	34	17	39	20	23
Limited company	20	7	14	12	5	12
Other type	5	2	7	6	3	5
Total	100	100	100	100	100	100
n (total number of private ventures)	188	147	191	82	175	783

Table Ch.8.

Correlation coefficients between having private venture (VENTYES) and conditioning factors

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Father's educ., DADSCHX	0.18	0.11	0.15	<i>0.10</i>	0.13
Type of settlement, SETTLE	<i>-0.04</i>	<i>-0.10</i>	<i>-0.11</i>	<i>0.03</i>	<i>-0.06</i>
Income quintile, IUNIT5	0.25	0.12	0.16	0.06	<i>0.08</i>
Educ. of HH head, EDUC1S4G	0.24	0.20	0.24	0.17	<i>0.15</i>
Total wealth, ALTOGETH	0.24	0.23	0.21	0.15	0.13
HH head over/below 60, AGECOH2	-0.24	-0.12	-0.19	-0.16	<i>-0.12</i>
Expected income change, WEALTHY23	0.23	0.23	0.18	0.17	0.20
Self-rated (subjective) poverty, POVERTY	0.22	0.23	0.22	<i>0.10</i>	0.23

Cursive figures are not significant .

Table Ch.9.

Percentage rate of households of a given educational level with existing (non-farm) private venture (VENTYES)

	Primary	Vocational	Secondary	Higher	Total	Level of sign.	n (number of enterprises)
Czech Rep.	4	15	16	44	<i>17</i>	***	169
Poland	3	11	13	26	<i>11</i>	***	110
Hungary	4	15	22	29	<i>15</i>	***	145
Germany	1	3	12	12	<i>7</i>	***	75
Slovakia	5	11	18	21	<i>14</i>	***	137

Table Ch.10.

Percentage rate of households of a given educational level if enterprise is doing well (STATE4), out of those having an enterprise

	Primary	Vocational	Secondary	Higher	Total	Level of sign.	n (no. of enterprises)
Czech Rep.	11	24	37	57	<i>37</i>	***	169
Poland	0	13	16	25	<i>15</i>	NS	110
Hungary	8	9	12	43	<i>18</i>	***	145
Germany	20	42	40	39	<i>39</i>	NS	75
Slovakia	10	11	12	31	<i>16</i>	NS	137

Table Ch.11.  
Percentage rate of households that stopped private venture

	Primary and less	Vocational	Secondary	Higher	Total	Level of sign.
Czech Rep.		11	12	2	8	***
Poland	29	17	26	13	20	NS
Hungary	29	29	12	18	21	***
Germany		17	9	4	8	NS
Slovakia	30	26	23	13	22	NS

Table Ch.12.  
Percentage rate of households by education expecting to develop venture, (EXPECT3),  
out of those having an enterprise

	Primary	Vocational	Secondary	Higher	Total	Level of sign.
Czech Rep.	44	32	40	57	43	NS
Poland	25	32	55	57	45	NS
Hungary	6	24	25	36	25	NS
Germany	60	40	29	50	39	*
Slovakia	43	56	68	68	63	NS

Table Ch.13.  
Percentage rate of households planning a new venture (NEWVENT2) by educational level,  
out of all households

	Primary and less	Vocational	Secondary	Higher	Total	Level of sign.
Czech Rep.	1	10	10	6	8	*
Poland	1	4	6	8	4	**
Hungary	3	7	11	14	8	***
Germany	1	2	2	6	2	*
Slovakia	6	9	12	13	10	NS

Table Ch.14.  
Habits of saving and investing

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Could not save	50	83	80	44	64	64
Saved smaller sums	48	14	19	49	34	33
Saved substantial amounts	2	3	1	7	2	3
Total	100	100	100	100	100	100
Out of those saving, %:						
Making bank deposit	69	46	58	93	88	78
Buying stocks and bonds	46	13	16	10	45	28
Investing in advance-saving schemes	42	30	16	38	53	39

Table Ch.15.

## Job changes of head of household and spouse, if head is under 60

	Czech Rep.	Poland	Hungary	Germany	Slovakia
% of all HHs in which there was change	55	44	64	53	41
Head of HH					
Started work	9	14	11	10	11
Left for pension	7	16	18	10	9
Changed job once	38	24	22	39	31
Changed job several times	20	13	8	15	20
Went to private sector	50	24	14	21	36
Spouse					
Started work	15	13	8	11	16
Left for pension	5	23	16	8	11
Changed job once	34	20	18	32	26
Changed job several times	16	3	5	7	9
Went to private sector	38	13	8	15	20

Table Ch.16.

Social position of the families at different time points (Self-location on a ladder of 7 points, 7=best).

	Pre-war	50s	80s	Now	Future
Mean score					
Czech Rep.	3.4	3.1	3.9	3.8	4.0
Poland	2.9	3.0	4.0	3.4	3.6
Hungary	3.2	3.0	4.3	3.4	3.2
Germany	3.2	3.5	4.4	4.4	4.5
Slovakia	3.2	3.3	4.3	3.7	3.7
<i>Grand mean</i>	3.2	3.2	4.2	3.8	3.8
Coefficient of variation					
Czech Rep.	0.43	0.40	0.30	0.33	0.38
Poland	0.51	0.41	0.29	0.35	0.39
Hungary	0.46	0.40	0.28	0.38	0.48
Germany	0.44	0.36	0.26	0.27	0.33
Slovakia	0.45	0.33	0.24	0.31	0.36
<i>Region, total</i>	0.45	0.39	0.27	0.32	0.39



Table Ch.17.

Income position of the families at different time points (Self-location on a ladder of 7 points, 7=best).

	3 years ago	Now	3 years from now
Mean score			
Czech Rep.	3.5	3.3	3.4
Poland	3.3	2.9	2.9
Hungary	3.6	2.9	2.7
Germany	3.7	3.7	3.7
Slovakia	3.8	3.3	3.3
<i>Grand mean</i>	<i>3.6</i>	<i>3.2</i>	<i>3.2</i>
Coefficient of variation			
Czech Rep.	0.29	0.33	0.40
Poland	0.30	0.37	0.45
Hungary	0.30	0.37	0.50
Germany	0.28	0.28	0.35
Slovakia	0.27	0.31	0.36
<i>Region, total</i>	<i>0.25</i>	<i>0.32</i>	<i>0.41</i>

Table Ch.18.

The best period in the family's life

	Czech Rep.	Poland	Hungary	Germany	Slovakia
before the war	25	13	15	5	10
in the 50s	3	6	4	1	4
in the 80s	35	53	65	37	56
now	37	28	16	57	30
Total	100	100	100	100	100

Table Ch.19.

The worst period in the family's life

	Czech Rep.	Poland	Hungary	Germany	Slovakia
before the war	36	37	29	33	41
in the 50s	37	23	33	28	23
in the 80s	6	6	3	17	4
now	21	34	35	22	32
Total	100	100	100	100	100

Table Ch.20.

Evaluation of system change (REGIME) and change in own situation (SOCPOS34) (Both scales of five scores)

	REGIME	SOCPOS34
Czech Rep.	3.45	2.96
Poland	2.91	2.53
Hungary	2.43	2.28
Germany	3.44	3.04
Slovakia	2.59	2.57
<i>Region, average</i>	<i>2.97</i>	<i>2.68</i>

Table Ch.21.

Perceived change by educational level between the pre-war period and the 1950s. (Mean of the difference between SOCPOS2 and SOCPOS1.)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Primary	3.0	3.3	2.9	3.4	3.2
Vocational	2.9	3.2	3.0	3.3	3.1
Secondary	2.7	3.1	2.9	3.3	3.1
Higher	2.5	2.8	2.6	3.2	3.0
<i>Total</i>	<i>2.8</i>	<i>3.2</i>	<i>2.9</i>	<i>3.3</i>	<i>3.1</i>

Table Ch.22.

Perceived change by educational level between the 1950s and the 1980s. (Mean of the difference between SOCPOS3 and SOCPOS2.)

SOPO23	Czech Rep.	Poland	Hungary	Germany	Slovakia
Primary	3.7	3.9	3.9	3.9	3.8
Vocational	3.8	3.9	4.1	4.0	4.0
Secondary	3.8	3.9	4.1	4.0	3.9
Higher	3.8	3.9	4.0	4.1	3.9
<i>Total</i>	<i>3.8</i>	<i>3.9</i>	<i>4.0</i>	<i>4.0</i>	<i>3.9</i>

Table Ch.23.

Perceived change by educational level between the 1980s and the present. (Mean of the difference between SOCPOS4 and SOCPOS3.)

SOPO34	Czech Rep.	Poland	Hungary	Germany	Slovakia
Primary	2.8	2.3	2.1	2.9	2.3
Vocational	2.9	2.5	2.2	3.1	2.5
Secondary	3.0	2.6	2.4	3.1	2.7
Higher	3.4	2.9	2.6	3.0	2.8
<i>Total</i>	<i>3.0</i>	<i>2.5</i>	<i>2.3</i>	<i>3.0</i>	<i>2.6</i>

Table Ch.24.

Perceived expected change by educational level between the present and in 5 years from now.  
(Mean of the difference between SOCPOS5 and SOCPOS4.)

SOP045	Czech Rep.	Poland	Hungary	Germany	Slovakia
Primary	2.9	3.0	2.6	2.9	2.8
Vocational	3.1	3.1	2.8	3.1	2.9
Secondary	3.1	3.1	2.8	3.1	2.9
Higher	3.2	3.2	3.0	3.1	3.1
<i>Total</i>	<i>3.1</i>	<i>3.1</i>	<i>2.8</i>	<i>3.1</i>	<i>2.9</i>

Table Ch.25.

Ratio of head of households perceiving deterioration or improvement by period or over periods (in % of all households).

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<i>Deterioration by period</i>					
Pre-war - 1950s	31	21	29	22	18
1950s - 1980s	6	8	8	7	7
1980s -Now	30	48	58	29	44
<i>Deterioration over periods</i>					
Pre-war -1980s	21	15	15	12	12
Pre-war - Now	30	48	58	29	44
<i>Improvement by period</i>					
Pre-war- 1950s	24	38	25	50	31
1950s - 1980s	60	65	73	72	67
1980s -Now	28	20	12	37	18
<i>Improvement over periods</i>					
Pre-war -1980s	52	66	65	69	66
Pre-war - Now	29	20	13	38	18

Table Ch.26.

Spontaneously mentioned balance of good and bad events affecting the family or the country  
(% of head of households mentioning item). (Block 5, Q. 2-5)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<i>What happened to the household?</i>					
Nothing	30	19	17	20	16
Only bad	25	41	33	21	54
Only good	28	15	19	28	11
Both	17	25	31	31	19
Total	100	100	100	100	100
<i>What happened to the country?</i>					
Nothing	7	16	9	14	6
Only bad	30	53	63	30	62
Only good	8	2	2	4	1
Both	55	29	27	52	32
Total	100	100	100	100	100

Table Ch.27.

Spontaneously mentioned good and bad events affecting the family or the country (% of head of households mentioning item).

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Events affecting the family					
Good events					
Family happiness	17	11	29	5	5
Improving material conditions	26	27	24	47	19
Bad events					
Family sorrows	12	7	28	5	7
Worsening material conditions	23	52	33	26	60
Unemployment, worse job	14	9	32	6	11
Events affecting the country					
Good events					
Improving economy	24	16	8	25	9
Improving social conditions	5	3	3	18	2
Better politics	21	10	16	5	9
More freedom	33	7	7	11	16
Bad events					
Worsening economy	10	18	23	7	17
Unemployment	11	26	45	46	36
Bad public safety, other social problems	63	34	57	46	56
Bad politics	21	41	14	8	22

Table Ch.28.

Evaluation of the change of the system in all households and extreme educational groups (% distribution of all answers to REGIME).

	Czech Rep	Poland	Hungary	Germany	Slovakia
All heads of household					
Worse	23	39	51	19	51
Same	19	17	23	24	16
Better	57	44	26	57	32
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	979	1011	939	1028	976
With primary and less					
Worse	39	53	57	25	65
Same	21	19	24	25	17
Better	41	28	19	50	18
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	177	342	324	283	151
With higher education					
Worse	8	10	29	13	39
Same	9	15	24	22	11
Better	84	75	47	55	50
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	126	101	115	165	162
Level of sign.	***	***	***	**	***

Table Ch.29.

Occurrence of feelings of winner and loser in all households and extreme educational groups (% distribution of all answers to WINLOS).

	Czech Rep.	Poland	Hungary	Germany	Slovakia
All heads of household					
Loser	37	56	66	31	56
Stayer	33	25	22	29	25
Winner	30	19	12	41	19
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	958	1020	961	1070	856
With primary and less					
Loser	40	62	69	33	67
Stayer	40	24	27	32	25
Winner	20	14	5	35	8
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	177	314	350	287	151
With higher education					
Loser	20	47	52	35	48
Stayer	27	26	22	22	24
Winner	53	27	26	44	28
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
N	124	103	115	177	159
Level of sign.	***	*	***	ns	***

Table Ch.30.

Evaluation of the change of the system in all households and some extreme groups (% of all answers to REGIME).

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Percentage of those who think the new regime is					
worse					
In the whole sample	23	39	51	20	51
if father educ. <primary	42	45	54	22	56
if absolutely poor	57	65	69	52	73
if extreme left (1,2)	69	65	60	33	79
if income decreased	38	45	59	34	62
if expects income decr	42	42	59	41	64
if father higher educ.	6	23	31	10	34
if not poor at all	12	24	38	12	37
if extreme right (6,7)	5	16	28	15	34
if income increased	11	25	31	10	27
if expects income incr .	12	31	39	16	36
better					
In the whole sample	58	44	26	57	33
if father educ. <primary	33	39	23	56	29
if absolutely poor	26	19	15	19	17
if extreme left (1,2)	13	16	29	42	10
if income decreased	39	39	22	38	24
if expects income decr.	40	40	21	38	22
if father higher educ.	81	60	50	56	60
if not poor at all	77	62	34	67	47
if extreme right (6,7)	90	74	53	77	56
if income increased	80	59	50	69	55
if expects income incr.	77	54	43	59	52

Cursive figures are significant on the \*\*\* level

Table Ch.31.

Feeling of winner or loser in all households and some extreme groups  
(% of all answers to WINLOS).

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Percentage of those who think themselves					
losers					
In the whole sample	37	56	66	31	56
if father educ. <primary	39	61	66	24	67
if absolutely poor	62	79	79	89	89
if extreme left (1,2)	68	70	70	39	72
if income decreased*	83	91	97	95	97
if expects income decr	53	71	73	60	59
if father higher educ.	21	59	58	37	45
if not poor at all	21	32	44	20	36
if extreme right (6,7)	21	39	50	30	53
if income increased*	0	0	0	0	0
if expects income incr .	24	61	66	40	22
winner					
In the whole sample	30	19	12	41	19
if father educ. <primary	22	16	10	43	13
if absolutely poor	6	5	4	7	4
if extreme left (1,2)	10	12	9	36	7
if income decreased*	0	0	0	0	0
if expects income decr.	21	19	14	10	67
if father higher educ.	53	21	22	35	29
if not poor at all	44	40	26	51	31
if extreme right (6,7)	52	30	19	52	25
if income increased*	86	74	73	83	80
if expects income incr.	48	23	17	32	13

\* The variable is self-evidently highly correlated with WINLOS, because it was one of the components. Cursive figures are significant on the \*\*\* level

Table Ch.32. Main results of the linear regression analysis of the variations in the evaluation of the regime change (REGIME)

Table Ch.32.a. Results with objective variables as independent (explanatory) variables

	Czech R.		Poland		Hungary		Germany		Slovakia	
Adj. R square, %	16.9		13.1		10.5		8.8		10.6	
Variable	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
EDUC1S4G	0.10	0.023	<b>0.24</b>	<b>0.000</b>	0.02	0.719	0.08	0.048	0.14	0.005
JOBSPSH1	0.20	0.000	0.01	0.884	0.14	0.001	-0.03	0.493	0.06	0.192
ALTOGC	0.08	0.019	0.08	0.015	0.12	0.001	0.03	0.353	0.02	0.598
<b>IUNIT5</b>	<b>0.22</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>	<b>0.28</b>	<b>0.000</b>	<b>0.22</b>	<b>0.000</b>
AGECOH1	-0.09	0.018	-0.10	0.005	-0.06	0.091	0.03	0.474	-0.06	0.111
AGECOH2	0.08	0.038	0.09	0.009	0.11	0.005	0.03	0.513	0.05	0.190

Bold: significant on the p<0.001 (\*\*\*) level

EDUC1S4G	Educ.level of head of household
JOBSPSH1	Socio-prof. group of head of household
ALTOGC	Total wealth of household
IUNIT5	Equivalent income quintile

AGECOH1 Head of household under/over 40  
 AGECOH2 Head of household under/over 60

Table Ch.32.b. Results with attitudinal variables as independent (explanatory) variables

	Czech R.		Poland		Hungary		Germany		Slovakia	
Adj. R square, %	48.0		27.6		15.8		24.8		31.2	
	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
LEFTRIGH	<b>0.38</b>	<b>0.000</b>	<b>0.28</b>	<b>0.000</b>	0.08	0.034	<b>0.17</b>	<b>0.000</b>	<b>0.21</b>	<b>0.000</b>
RESPONX	<b>-0.14</b>	<b>0.000</b>	<b>-0.16</b>	<b>0.000</b>	<b>-0.14</b>	<b>0.000</b>	<b>-0.13</b>	<b>0.000</b>	<b>-0.18</b>	<b>0.000</b>
FRESEX	<b>-0.15</b>	<b>0.000</b>	<b>-0.15</b>	<b>0.000</b>	<b>-0.18</b>	<b>0.000</b>	-0.09	0.002	<b>-0.15</b>	<b>0.000</b>
WEAL23C	<b>0.11</b>	<b>0.000</b>	0.05	0.148	<b>0.14</b>	<b>0.000</b>	0.06	0.039	<b>0.12</b>	<b>0.000</b>
COVER	<b>0.22</b>	<b>0.000</b>	<b>0.18</b>	<b>0.000</b>	0.12	0.002	<b>0.22</b>	<b>0.000</b>	<b>0.17</b>	<b>0.000</b>
WINLOS	<b>0.13</b>	<b>0.000</b>	<b>0.15</b>	<b>0.000</b>	<b>0.16</b>	<b>0.000</b>	<b>0.26</b>	<b>0.000</b>	<b>0.20</b>	<b>0.000</b>

Bold: significant on the  $p < 0.001$  (\*\*\*) level

LEFTRIGH Left-right position  
 RESPONX Average state responsibility  
 FRESEX Freedom or security more important  
 WEAL23C Expected income change)  
 COVER Degree of need coverage  
 WINLOS Winner-loser based on subjectively felt change  
 in income and social position

Table Ch.32.c. Results for REGIME with both objective and attitudinal variables as independent (explanatory) variables, (Two variables added to 31a and 31b)

	Czech R.		Poland		Hungary		Germany		Slovakia	
Adj. R square, %	48.0		32.6		18.3		26.5		34.1	
	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
EDUC1S4G	0.10	0.010	<b>0.19</b>	<b>0.000</b>	-0.07	0.225	0.08	0.040	0.10	0.050
JOBSPSH1	0.07	0.061	-0.03	0.486	0.13	0.006	-0.03	0.414	0.00	0.989
ALTOGC	0.04	0.174	0.02	0.666	0.09	0.046	-0.05	0.190	0.03	0.365
IUNIT5	0.04	0.307	0.03	0.488	0.14	0.008	0.06	0.194	0.03	0.610
AGECOH1	-0.06	0.068	-0.03	0.407	0.00	0.996	0.05	0.181	0.04	0.351
AGECOH2	0.08	0.024	0.07	0.077	0.07	0.130	-0.02	0.636	0.05	0.236
VENTYES	-0.02	0.616	-0.01	0.675	-0.06	0.123	0.03	0.468	-0.02	0.667
LEFTRIGH	<b>0.37</b>	<b>0.000</b>	<b>0.28</b>	<b>0.000</b>	0.10	0.014	<b>0.16</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>
RESPONX	<b>-0.12</b>	<b>0.000</b>	-0.12	0.001	-0.12	0.003	<b>-0.13</b>	<b>0.000</b>	<b>-0.14</b>	<b>0.000</b>
FRESEX	<b>-0.12</b>	<b>0.000</b>	<b>-0.13</b>	<b>0.000</b>	<b>-0.17</b>	<b>0.000</b>	-0.07	0.042	<b>-0.18</b>	<b>0.000</b>
POVER	0.05	0.209	0.11	0.013	-0.04	0.418	0.17	0.000	0.06	0.186
WEAL23C	0.10	0.002	0.04	0.180	<b>0.15</b>	<b>0.000</b>	0.07	0.060	0.12	0.003
COVER	<b>0.15</b>	<b>0.000</b>	0.08	0.058	0.06	0.251	0.12	0.018	0.11	0.029
WINLOS	0.11	0.001	0.12	0.001	0.13	0.002	<b>0.21</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>

Bold: significant on the  $p < 0.001$  (\*\*\*) level

VENTYES Has private venture now  
 POVER Subjective feeling of poverty

Table Ch.33. Main results of the linear regression analysis of the variations in the feeling of being winner or loser (WINLOS)

Table Ch.33.a. Results with objective variables as independent (explanatory) variables

	Czech R.	Poland	Hungary	Germany	Slovakia
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Adj. R square, %	12.2		10.3		3.5		8.8		15.2	
	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
EDUC1S4G	-0.09	0.031	0.02	0.704	0.04	0.441	0.02	0.537	-0.01	0.846
JOBSPSH1	0.10	0.016	-0.02	0.682	0.00	0.958	-0.04	0.325	0.07	0.144
ALTOGC	0.01	0.848	0.08	0.019	0.07	0.044	0.00	0.941	0.03	0.432
IUNIT5	<b>0.28</b>	<b>0.000</b>	<b>0.25</b>	<b>0.000</b>	0.09	0.017	<b>0.29</b>	<b>0.000</b>	<b>0.34</b>	<b>0.000</b>
AGECOH1	-0.07	0.053	-0.10	0.004	-0.12	0.001	-0.05	0.246	<b>-0.16</b>	<b>0.000</b>
AGECOH2	-0.04	0.285	0.02	0.516	0.05	0.222	0.10	0.010	0.04	0.328
VENTYES	0.10	0.007	<b>0.13</b>	<b>0.000</b>	0.06	0.105	0.05	0.141	0.13	0.001

Table Ch.33.b. Results for WINLOS with attitudinal variables as independent (explanatory) variables

Adj. R square, %	Czech R.		Poland		Hungary		Germany		Slovakia	
	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
LEFTRIGH	0.13	0.001	0.09	0.010	0.06	0.143	0.00	0.901	0.05	0.133
RESPONX	-0.02	0.538	0.02	0.500	0.06	0.101	0.03	0.346	0.04	0.215
FRESEX	-0.01	0.831	0.03	0.370	0.04	0.288	-0.06	0.065	0.08	0.021
POVER	<b>0.15</b>	<b>0.000</b>	<b>0.21</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>	<b>0.17</b>	<b>0.000</b>	<b>0.15</b>	<b>0.000</b>
WEAL23C	<b>0.16</b>	<b>0.000</b>	<b>0.12</b>	<b>0.000</b>	<b>0.16</b>	<b>0.000</b>	0.09	0.004	0.10	0.002
COVER	<b>0.14</b>	<b>0.000</b>	<b>0.18</b>	<b>0.000</b>	0.13	0.004	<b>0.22</b>	<b>0.000</b>	<b>0.30</b>	<b>0.000</b>
REGIME	<b>0.17</b>	<b>0.000</b>	0.13	0.001	<b>0.15</b>	<b>0.000</b>	<b>0.24</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>

Table Ch.33.c. Results for WINLOS with both objective and attitudinal variables as independent (explanatory) variables

Adjusted R Square, %	Czech R.		Poland		Hungary		Germany		Slovakia	
	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T	Beta	Sig T
EDUC1S4G	-0.12	0.008	-0.04	0.395	-0.01	0.820	0.00	0.926	-0.10	0.039
JOBSPSH1	0.08	0.091	0.00	0.988	0.04	0.382	-0.06	0.114	0.07	0.162
ALTOGC	-0.03	0.414	0.02	0.609	0.04	0.342	-0.05	0.169	-0.01	0.737
IUNIT5	0.13	0.006	0.08	0.086	-0.05	0.368	0.07	0.110	0.17	0.001
AGECOH1	-0.05	0.192	-0.12	0.003	-0.12	0.006	-0.03	0.491	<b>-0.15</b>	<b>0.000</b>
AGECOH2	-0.08	0.056	0.02	0.685	0.01	0.884	0.07	0.104	0.03	0.436
VENTYES	0.02	0.661	0.05	0.163	0.01	0.866	0.03	0.472	0.09	0.023
LEFTRIGH	0.14	0.001	0.09	0.022	0.06	0.166	-0.01	0.849	0.04	0.293
RESPONX	0.00	0.954	0.05	0.176	0.07	0.103	0.03	0.412	0.05	0.209
FRESEX	0.00	0.951	0.03	0.393	0.07	0.118	-0.07	0.054	0.10	0.018
POVER	0.13	0.003	<b>0.20</b>	<b>0.000</b>	<b>0.20</b>	<b>0.000</b>	<b>0.19</b>	<b>0.000</b>	0.14	0.002
WEAL23C	0.12	0.001	0.09	0.015	0.13	0.002	0.11	0.002	0.07	0.087
COVER	0.14	0.004	0.15	0.001	0.15	0.004	<b>0.18</b>	<b>0.000</b>	<b>0.26</b>	<b>0.000</b>
REGIME	0.16	0.001	0.14	0.001	0.13	0.002	<b>0.21</b>	<b>0.000</b>	<b>0.20</b>	<b>0.000</b>

## Chapter 2

### Perceived social position, perceived mobility

*Péter Róbert*

#### **2.1. Background considerations**

In the following analysis some subjective consequences of system transformation are examined in the five East-Central European countries in the sample. While not denying the importance of objective political and economic changes we want to emphasize that individual attitudes and subjective feelings towards the change of social position are significant characteristics of post-socialist transformation as well.

Although the post-war histories of these societies share several common features, it would be an oversimplification to characterize them as similar "command economies" dominated by a totalitarian, bureaucratic party and state elite. Despite such "socialist characteristics" as state ownership, a planned economy system, strong emphasis on egalitarianism and state redistribution, these societies started to diverge already in the 1960s, over and above having had quite different historical backgrounds of economic developments and democratic traditions. Former East-Germany, which never deviated from the classic type of state-socialism, was perhaps the last "true communist" country in East-Central Europe, even when the Soviet Union was no more ready to sustain the previously existing form of Soviet "empire." Hungary, Czechoslovakia and Poland had, by contrast, special political and economic features that made them different from Soviet-type societies as well as from each other.

In Hungary, after 1963 (the amnesty for political prisoners of 1956) and especially after 1968 (the beginning of the economic reforms), society started to develop in a different direction than did the other countries investigated here. In a twenty year process (albeit with some regressions from time to time), Hungary became more liberal politically, and economic reforms allowed the development of several market elements, such as the rise of a widespread "second economy" and the use of "plan bargaining mechanisms" instead of the central planning system. At the same time, the general living standard of Hungarians became the highest in the region.

In Czechoslovakia in the 1960s a similar process of democratization began, both in economics and politics; but these developments were abruptly curtailed by the military intervention of the Warsaw Pact countries in 1968. Thus Czechoslovakia had to return to the conservative type of state-socialism for the next twenty years. However, these years can be considered a "parking lot" for democratic thinking and market-oriented economic ambitions in much the same sense as the period of communist orthodoxy in Hungary before the 1970s and 1980s is considered to have been.

In the case of Poland, the imposition of martial law resulted in a situation very different from the other societies investigated here. While the high living standard turned out to be the main legitimizing instrument in Hungary, the alternative political movements were always of larger significance in Poland. Larger economic conflicts, stronger political opposition, strikes, bloody attacks by the police and the activity of the independent trade union "Solidarity" were the most important ways of Polish deviation from the usual post-war "communist way" in the region.

The post-socialist period between 1990 and 1994 has introduced even more variation in the history of these societies. East Germany has formally become part of Germany and, thereby, of the European Union. This conjoining resulted in dramatic changes in the country, and both political and

economic restructuring can be expected to proceed much faster here than elsewhere in East-Central Europe. Czechoslovakia split into two countries, which have started, partly due to their different economic and political traditions, to rapidly diverge. The main difference between the two "reform countries" of socialism, Hungary and Poland, in the post-socialist period is that Poland undertook a kind of economic shock therapy, while Hungary has undergone a more gradual economic reform process without (at least up to now) an explicit shock therapy package.

In light of the economic and political differences between the societies we are analyzing, the attitudes and subjective feelings towards the situation on a national as well as an individual level can be assumed to be different. The transformation has brought many political and economic changes for these countries, which can be considered either as gains or as losses or both (as systematized in Ferge 1993). Since the basic political and economic processes are the same in these countries --with certain exceptions for Germany due to its special situation--the question is how much freedom and democracy people have gained, and how much safety and stability people have lost during the transition period in recent years.

## ***2.2. Posing the research issue***

Formulating a very simplified equation, we can say that the balance of gains and losses is equal to the satisfaction with and attitudes towards the economic and political situation in these societies. For this analysis, several measurements or indices for satisfaction could be used using the data set derived from the SOCO survey. One of the best indicators to portray an individual's life situation seems to be his/her perceived position in the societal hierarchy. The following analysis uses the question in which the respondents placed themselves on a seven-grade scale representing the social status hierarchy in the country (seven being the highest and one the lowest grade) for the periods already mentioned in Chapter One (namely the pre-war period, the 1950s, the 1980s, and present (1994). The question referring to the future is not analyzed here in detail.

Perceived social position gives a basic, general view of how people see their status in society. Changes in this attitude reflect the subjectively felt mobility process that respondents went through during the decades in question. We expect a statistical relationship between the answers to these questions, namely, that perceived social position for the previous periods influences the perception of social status for subsequent periods.

Perceived mobility between two or more periods and the direction of the movement expresses possible gains or losses. Using the usual terms of mobility research, upward mobility means gain, downward mobility means loss and immobility means no change. If only the perceived social position for the 1980s and the present (1994) are compared, the analysis reveals the subjective mobility connected to the transition period. However, based on all answers for all four dates, it is possible to display a more detailed picture of perceived mobility for a longer period. We will present these results and then focus on subjective mobility between the 1980s and 1994 in order to provide information on the social consequences (gains and losses) of the transition period. We expect that the proportions of winners or losers with respect to perceived social status will vary between both nations and social groups.

As the unit of research was not individuals but households (which was a consequence of the research strategy as well as the sampling procedure), and given that the respondents were always the heads of households, the research questions can be answered only for the household level. Accordingly, let it be understood henceforth that all findings presented here refer to households and to changes in the perceived situation of households as seen by the heads of household. We neglect the possible methodological problem that the answers given by the head of household may not be representative for the household as a whole, that is, in some cases other members of the same

household might have evaluated the state of the household differently.

Both perceived social position and perceived mobility are expected to be determined by various socio-demographic factors, as well as different characteristics of the household. By socio-demographic factors we mean the usual sociological indicators such as occupation, education, income and age. (Sex is omitted, since about 75 percent of the respondents were male.) We are also going to take into consideration the possible influence of social origin, measured by the occupation of the father, his education and that of the mother. All of these variables refer to the respondent, the head of household who answered the questionnaire. For the household, we distinguish between objective and subjective features. By objective features of the household we mean such information as the occurrence of unemployment or entrepreneurship in the household, or whether the household had been able to save money in 1994. We considered subjective features of the household to be variables such as: the subjective placement of the household on a seven-grade ladder of income; evaluation on a five-grade scale of how the household managed to make ends meet; whether the household had any serious financial hardship in 1994; to what extent the net income of the household covers its customary needs on a five-grade scale; or whether the respondent considers the household to be poor. A final subjective measurement used shows how the respondent is, in a general sense, satisfied with his or her life, evaluated on a seven-grade scale.

In this analysis we will first present descriptive results concerning the relationship between perceived social position for 1994 and other variables. We will also present typologies that display the processes of perceived mobility for the period between the pre-war period and 1994. For these purposes, correlation coefficients and cross-classifications were computed, and an analysis of variance was performed, but only the summary results will be presented. In the second part of the analysis we try to model the social determination of perceived social position using the status-attainment approach of mobility research. We are applying the method of linear regression, displaying again only the main results.

### ***2.3. Descriptive results: Change of perceived social position***

#### **a. Self-positioning at different periods**

For a basic overview of the results, the rank order of the five countries by perceived social position is displayed for the four dates (Table 2.1). For the period before World War II, households from the Czech Republic give the highest evaluation, followed by Hungary and former East Germany, while Slovakia and Poland are located closest to the bottom of the ladder. For the 1950s Germany becomes first, followed by Slovakia, the Czech Republic, Poland and Hungary. Germany keeps first place for the subsequent two dates as well, which means that, on the average, and with the exception of the period before World War II, households in Germany are evaluated as having the highest relative position on the social ladder among the five countries. For the 1980s the rank order is Slovakia, Hungary, Poland and the Czech Republic, while for 1994 it is the Czech Republic, Slovakia, Hungary and Poland.

In addition to the rank order of the countries, Table 2. 1 (inserted) shows the means and standard deviations of the seven-grade scale for each nation and each date, leading to further inferences. First, the range of means is quite small for the pre-war period and the 1950s (0.46 and 0.44); it is only somewhat larger for the 1980s (0.53), but is significantly larger for 1994 (1.04). These figures reveal an increasing trend from a "half-point difference" to a "one-point difference" on the social ladder, which does not seem too much, but it still indicates a gradual increase in the differentiation of the self-assessed social position among these countries. Second, the means show

another trend over time, one that can be interpreted as "structural mobility," to use a term from mobility research. Accordingly, on the level of pooled data, when the average scores of the five countries are considered, the figures display a reversed U-shaped curve for perceived mobility. On the average, the perceived social position of the households of the region was lower in the pre-war period and the 1950s (3.19 and 3.16), it increased a great deal in the 1980s (4.19), but it fell back in 1994 (3.77). This finding can be considered a baseline trend for perceived social position in the last decades: people, when reporting about their families, feel an improvement after World War II until the 1980s and then a deterioration as a consequence of the system change in 1989. In 1994 the social position of households is not evaluated as worse than it was in the 1950s or the pre-war period, but it is considered worse compared to the 1980s. On the average, this result indicates a basic loss in the social position of households in East-Central Europe.

Another aspect of the results can be seen in Table SM.1. Looking at the means for those countries that occupy the highest position on the ladder (Czech Republic and, in three periods, Germany), the figures are much smaller for the pre-war period and the 1950s (3.38 and 3.45), and much larger for the 1980s and 1994 (4.44 and 4.43). The difference is about one point on the ladder, indicating that an upward shift for the first place position in the hierarchy has occurred over these decades. In fact, between the pre-war period and the 1980s, a similar upward shift can be observed for those countries at the bottom position in the hierarchy as well. However, this trend breaks during the transition, resulting in the same reversed U-shaped curve mentioned above. Actually, the mean for the Czech Republic in the 1980s (3.91), expressing the average evaluation of households, puts this country at the bottom of the rank order, while almost the same (or somewhat worse) mean also for the Czech Republic (3.83) is "enough" to reach the second best place among the five nations in 1994.

Table 2.1.

Rank order of the five countries by perceived social position for four dates  
(Measurement: 7-grade scale, means and standard deviations in brackets)

Before WW II	In the 1950s	In the 1980s	In 1994
1. Czech Republic (M=3.4, Std=1.50)	Germany (M=3.5, Std=1.09)	Germany (M=4.4, Std=1.06)	Germany M=4.4, Std=1.16)
2. Hungary (M=3.2, Std=1.42)	Slovakia (M=3.3, Std=1.24)	Slovakia (M=4.3, Std=1.11)	Czech Republic (M=3.8, Std=1.18)
3. Germany (M=3.2, Std=1.44)	Czech Republic (M=3.0, Std=1.23)	Hungary (M=4.4, Std=1.16)	Slovakia (M=3.8, Std=1.21)
4. Slovakia (M=3.2, Std=1.42)	Poland (M=3.0, Std=1.20)	Poland (M=4.0, Std=1.19)	Hungary (M=3.4, Std=1.19)
5. Poland (M=2.9, Std=1.48)	Hungary (M=3.0, Std=1.25)	Czech Republic (M=3.9, Std=1.16)	Poland (M=3.5, Std=1.31)
Region, average (M=3.2, Std=1.46)	Region, average (M=3.2, Std=1.22)	Region, average (M=4.2, Std=1.25)	Region, average (M=3.8, Std=1.27)

Significance: all estimates  $p < .001$

These findings strongly highlight the relative character of shifts displayed by the rank orders. While most of these results seem to be plausible, we have to be very careful, because the rank orders suppress the fact that differences between the means are sometimes very small, and are perhaps even within measurement error.

After this general overview, it is worth having a closer look at the statistical relationship

between the subjective rankings of the families for the different dates. A basic test for the association of attitudes towards social position at various times is displayed by the correlation coefficients in Table 2.2. (inserted). Almost all of the coefficients are statistically significant, and the data indicate only positive relationships between perceived social position in 1994 and previous periods. This means, first, that these attitudes form a cognitive unit, that is, the respondents see stronger or weaker connections between the present and past status of their families. (The only exception is the pre-war period in Germany.) Second, the lack of negative correlations shows that people did not experience "big earthquakes" in the social position of their families over the decades. Negative correlations would mean either being at the bottom at some earlier date and being at the top in 1994 or vice versa. However, according to the data, this is usually not the case. In fact, only two to three dozen respondents report such large gains or losses. The pattern of relations is that perceived social position of the households in 1994 is the most strongly associated with the 1980s, more weakly with the 1950s, and even more weakly although still statistically significantly (except in Germany) with pre-war times. When the social position of households seems to change with time, it is basically a linear trend in mobility; that is, the larger the interval between the given date and 1994, the weaker the correlation between current perceived household social position and the former. This pattern holds for Germany, Hungary and Poland, but not for the Czech Republic and Slovakia. The present social situation of the households in the latter two countries is considered to be closer to the social standing of the families in the pre-war era than in the 1950s.

Table 2.2.

Correlations between perceived social position in 1994 and in previous periods in the five countries

	Perceived social position in 1994 with that		
	Before WW II	In the 1950s	In the 1980s
Region, average	.14**	.16**	.30**
Czech Rep.	.28**	.17**	.34**
Poland	.10**	.13**	.31**
Hungary	.09*	.12**	.34**
Germany	.05	.19*	.21**
Slovakia	.16**	.13**	.24**

Significance: \*  $p < .01$  \*\*  $p < .001$

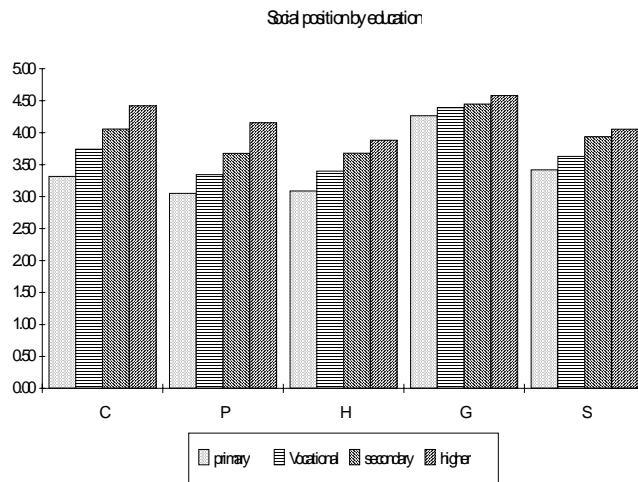
In the next step we will present results concerning the relationship between perceived social position in 1994 and its various social determinants. The perceived social position is expected to reflect objective, socio-demographic features. Indeed, it differs significantly according to the occupation of the head of household. The trend shows an increase: the better the occupational status, the higher the evaluation of the household. If the head of household is an agricultural laborer or a semi-skilled or unskilled worker, the household is placed significantly lower on the social ladder when compared to the cases of heads of households who are self-employed, managers or professionals (Table SM.1).

The relationship is even more marked according to educational level. The variation for the subjective placement of the household is largest for the Czech Republic, where the range between those with less than primary schooling and those with a tertiary level of education (2.38- 4.42) is about two steps on the ladder. The data indicate less difference in Slovakia and Poland, and even less for Hungary (less than one step). While the increasing trend is statistically significant in these countries (steeper for the Czech Republic and Slovakia, less so for Poland and Hungary), in Germany the perceived social position shows no significant differences according to education--that is, the education of the head of the household does not influence his or her opinion of the situation of his or

her family (Chart 2.1, Table SM.2).

Chart 2.1.

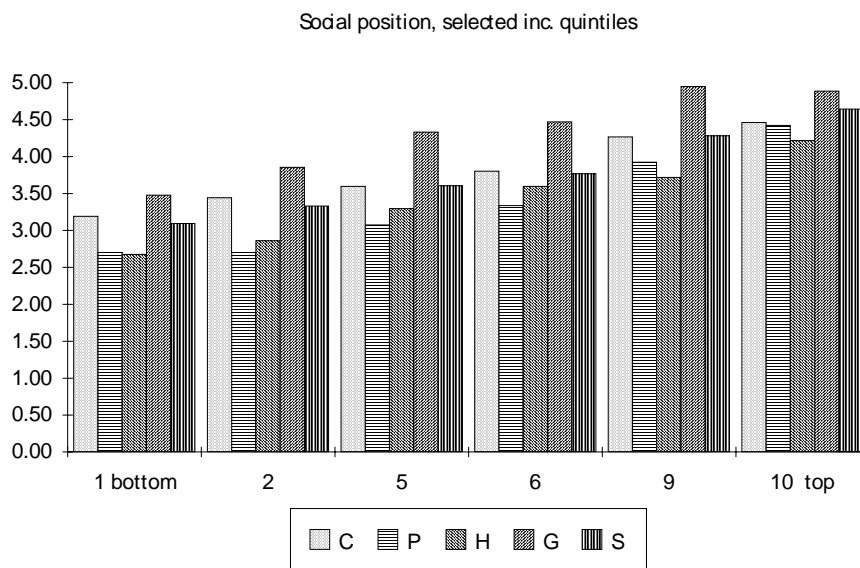
Perceived social position in 1994 by occupation of head of household, non-pensioners only



The connection between perceived social position and income level of the households is significant for all five nations, and indicates a more or less linear, increasing trend for perceived status by income level (measured by per capita income decile). (Chart 2.2, Table SM.3.)

Chart 2.2.

Perceived social position in 1994 by education of head of household



This relationship shows relatively little variation by country, while the between-country variations are quite important with respect to age. In the Czech Republic and Slovakia, younger people place their families higher on the social ladder than do older respondents. The contrary is true

for Germany, where the perceived social position of the household increases with the age of the household head. The results for Poland reveal a third type. Here, the trend has a reversed U- shaped curve: respondents aged between 30 and 60 years place their families higher on the social ladder than do people aged less than 30 or over 60 years. Group differences are not significant for Hungary--that is, the respondent's age does not affect the evaluation of the household's social standing ( Table SM.4).

In addition to the usual socio-demographic features discussed above, another set of variables has an impact on the perceived social position of the households such as entrepreneurship or unemployment in the household, or saving capability and the financial circumstances of the household. Since the means of the perceived social position differ significantly among sub-groups of respondents, we have clear evidence (on the basis of analyses of variance not displayed here) that:

- those households with one or more self-employed member are placed higher on the social ladder compared to those that have no entrepreneur in the family;

- those households with one or more unemployed person are perceived to have a worse social standing compared to those that have no unemployed in the family;

- the subjective evaluation of the household is connected to the ability to save money--that is, the better able the family is to save, the higher the perceived social position of the family;

- if the household experienced financial hardship in 1994, or if it could have been considered poor (occasionally or absolutely), the subjective placement of the household on the social ladder is worse than it would have been if these conditions had not been felt.

All these household characteristics can be considered possible predictor variables for perceived social position almost without any country variation. Further, in accordance with our previous statement that attitudes form a coherent cognitive unit, other subjective measurements related to the circumstances in the households are also strongly associated with the subjective evaluation of the social standing of the household. For the analysis of these connections, correlation coefficients were again computed (not displayed).

Perceived social position is indeed strongly connected with attitudes about the financial situation of the household. Strong and highly significant correlation coefficients show that the better the material circumstances of the household are evaluated by the head of household, the higher the head places the family on the social ladder. With respect to variation by country, the connection is the strongest for Poland and the weakest for the Czech Republic. Correlations are just slightly less strong between perceived social position and the attitude about whether the household is able to make ends meet. Again, the association is the strongest in Poland, and Slovakia has the relatively smallest coefficient in this respect. The next attitude question refers to income level and asks whether earnings cover the customary needs of the household. Correlation coefficients for this relation are less than 0.5, but are still quite high. The strongest connection is between Germany and Poland, and the weakest between the Czech Republic and Slovakia. Finally, to provide more evidence about how attitudes are formed, the personal feelings of the head of the household, that is, his or her individual satisfaction with life, are strongly related to the evaluation of the social standing of the entire household. This correlation is the strongest for Germany and the weakest for the Czech Republic.

All these results suggest that people perceive the social position of their households very much on the basis of financial circumstances. This relationship seems to be stronger for Poland and, in part, Germany, and the least strong in the Czech Republic. On the other hand, at this point we have to again call attention to the fact that around 75 percent of our respondents were males. The correlations presented above may be somewhat weaker for a less male dominated sample, but this question is not investigated here.



## b. Perceived mobility

After presenting statistical relationships between perceived social position in 1994 and its various objective and subjective determinants on the individual and household levels, we now turn to the issue of perceived mobility. Based on the perceived social position of the household for four dates, we will first present a typology of the subjective mobility of the households over the decades. We distinguish here between the following types:

--**immobility**: the household is placed on the same level of the seven-grade scale for each date;

--**increase (upward trend)**: from the pre-war period until 1994, the evaluation of the household on the social ladder becomes better and better (same placement is allowed, but not lower placement of a later date compared to a previous date);

--**decrease (downward trend)**: from the pre-war period until 1994, the evaluation of the household on the social ladder becomes worse and worse (same placement is allowed, but not higher placement of a later date compared to a previous date);

--**U-shaped curve**: from the pre-war period until 1994, the perceived social position of the household first decreases and later increases;

--**reversed U-shaped curve**: from the pre-war period until 1994, the perceived social position of the household first increases and later declines.

All other cases fall into the "other" category. The typology is presented in Table SM.5.

According to this rough typology for perceived social mobility, the most typical for the decades considered were the "increase" and the "increase, decline later" types (26 percent and 29 percent, last column of the table). According to the opinions of the respondents, more than half the households can be characterized as belonging to these two types. In fact, results indicate that some kind of mobility has occurred for the majority of the households, because only 6.5 percent of them belong to the immobile type. This type is significantly overrepresented in the Czech Republic.

Yet, it is in Czech Republic and Slovakia where respondents most often evaluate their families as upwardly mobile on the social ladder over the decades, since this type is significantly overrepresented in these two countries (29 percent and 31 percent). Upward mobility is significantly less typical for the Hungarian households (19 percent). There are only a few respondents who consider their families to be moving downward on the social ladder over time. This view is more typical for Hungary and Slovakia (9 percent and 10 percent).

One-fifth of the households experienced the U-shaped mobility pattern, a type that is significantly overrepresented in Germany (30 percent) and the Czech Republic (24 percent). This observation is in line with the previous finding that even in 1994, households in these two countries were placed the closest to the top of the social ladder. This probably indicates a mobility pattern such as a decline in household social position for the 1950s or 1980s, followed by an increase in the 1980s or the transition period. However, this is not the most typical pattern. If one recalls the general trend of perceived mobility based on household position on the social ladder, where we found an increase between the pre-war period and the 1980s and the opposite trend for 1994, then it is not surprising that a reversed U-shaped curve is characteristic for almost one-third of the households. This type is significantly overrepresented in Hungary and Poland, where, according to the opinion of respondents, households experienced more downward mobility between the 1980s and 1994; but it is significantly underrepresented in the Czech Republic and Germany, where the system change has not had similar consequences. This is the same country-specific cleavage we have seen and discussed before with respect to winning or losing during the transition process.

The next step in the analysis of perceived mobility over the decades is to present the results of the perception of the best and worst period for the households, as evaluated by the respondents. Table SM.6 displays the distribution of opinions in the five countries concerning which period of the four

dates was the best. The average distribution (in the last column of the table) indicates that almost half the respondents (47 percent) consider the 1980s to have been the best period for their families. The percentage of those whose best period is after the system change (29 percent) is less, as well as the percentage that chose the pre-war period (17 percent). There is a definite minority that evaluates the 1950s as being the best period (7 percent).

Among those who selected the 1980s as the best period for the household's social standing, Hungary is significantly overrepresented. This is fully compatible with the introductory considerations on historical differences among these countries; namely, that the Hungarian situation in the 1980s could be regarded as the most favorable, both politically and economically. For the same reasons, it is not surprising that the data indicates a significant underrepresentation of the Czech Republic and Germany, where communist orthodoxy was the strongest in the 1980s. The picture is almost reversed for the present period. Data indicate a stronger underrepresentation in Hungary of families for which the post-socialist era is the best period with respect to perceived social position, and a weaker but still significant underrepresentation of these households in Poland and Slovakia. For the post-socialist period, Germany is strongly overrepresented--as much as 40 percent of German respondents consider 1994 the best period their families have had in the decades between the pre-war era and the present time.

Taking a look at the past, the relatively large proportion of those respondents who consider pre-war times the best for their (or their parents') families is a bit surprising. This result reveals a relatively strong sense of downward mobility. About every sixth respondent, without significant variation by country, holds such an opinion concerning the change of the social standing of his or her family. With respect to the 1950s, the data indicate a slight overrepresentation among Polish households: every tenth respondent in Poland considers the 1950s the best period for his or her household, while households that chose this period are significantly underrepresented in Germany.

Table SM.7, displaying opinions regarding the worst of the four periods in the five countries, is a sort of mirror of Table SM.6. The distribution of the pooled data in the last column of the table shows that only a small minority (6-7 percent) considers the last period of socialism, the 1980s, as the worst period between the pre-war and the post-socialist era. A large proportion of the respondents (39 percent) evaluate pre-war times as the worst for their households. But the percentage of those who consider the present the worst is about the same (36 percent). It sounds a bit surprising, but the proportion of those who "choose" 1994 as the worst period for their families is almost twice the proportion of those who evaluate the 1950s as the worst (19 percent).

The strongly negative evaluation of the post-socialist period is more typical among the Hungarian, and also among the Polish, respondents (48 percent and 41 percent), while this outlook is strongly underrepresented in Germany (24 percent). However, respondents from Germany are overrepresented among those who consider the 1980s the worst period for their households. It is quite interesting that the evaluation of the pre-war era is relatively better among the Hungarians compared to the other respondents. Although this period is regarded as the worst by 30 percent of Hungarian respondents, this figure is significantly less compared to those of the other four countries. This result can support arguments that some nostalgia towards the pre-war times may exist among Hungarians, at least with respect to family social position. Finally, the results for the 1950s also have a surprising feature, in that Czech respondents are overrepresented and Slovak respondents underrepresented among those who consider this period to be the worst for their household.

The findings based on the typology of perceived mobility and on the opinions of the best and worst periods for households are consistent with the assumptions concerning the historical, political and economic variations among the five nations during the decades of socialism. Respondents from Germany and the Czech Republic seem to be much more satisfied with the system change and have a much more positive view of the present post-socialist era when compared to respondents from Poland and especially Hungary, who have much less positive attitudes towards the changes after 1989. For

the last step of the descriptive analysis we will focus on the perceived mobility of households from another perspective, that is, mobility experienced between the previous periods and 1994 will be compared for the five countries (Table 2.3 inserted).

Table 2.3.

Rank order of the five countries by perceived social mobility. (Measurement: difference between 7-grade scales, means and standard deviations in brackets)

Perceived social mobility between		
1994 & the pre-war period	1994 & the 1950s	1994 & the 1980s
1. Germany (M=1.3, Std=1.81)	Germany (M=1.1, Std=1.49)	Germany (M=-0.0, Std=1.40)
2. Slovakia (M=0.6, Std=1.71)	Czech Republic (M=0.8, Std=1.55)	Czech Republic (M=-0.1, Std=1.34)
3. Poland (M=0.5, Std=1.87)	Slovakia (M=0.5, Std=1.62)	Slovakia (M=-0.6, Std=1.43)
4. Czech Republic (M=0.5, Std=1.62)	Hungary (M=0.4, Std=1.61)	Poland (M=-0.6, Std=1.47)
5. Hungary (M=0.2, Std=1.76)	Poland (M=0.4, Std=1.65)	Hungary (M=-0.9, Std=1.35)
Region, average (M=0.6, Std=1.79)	Region, average (M=0.6, Std=1.61)	Region, average (M=-0.4, Std=1.44)

Significance: all estimates  $p < .001$

Table 2.3 displays the rank order of the five countries based on the means of the mobility measurements for three periods: the pre-war times and 1994, the 1950s and 1994, and the 1980s and 1994. Through this method, we can compare perceived mobility for three different (shorter and longer) time periods. For each case, mobility is measured by the difference between subjective placements of the household on the seven-grade social ladder. This difference was computed by subtracting the value on the seven-grade scale for a given period (pre-war era, the 1950s, the 1980s) from the value given for 1994.

The positive means for the difference between 1994 and the pre-war period, as well as between 1994 and the 1950s, indicate for all of the societies investigated here an upward mobility between these periods. However, the negative means between 1994 and the 1980s show downward mobility in the transition period for all countries analyzed. Accordingly, this approach leads to the same result: the mobility process of households in East-Central Europe can be depicted by a reversed U-shaped curve, moving upward from the war until the 1980s and downward as a consequence of the system change.

The figures in Table 2.3 reveal the same country-specific variation for perceived mobility that we have seen before. Germany is always at the top of the rank order. The perceived position of German households increased the most from pre-war times until 1994 and from the 1950s until 1994. Between the 1980s and 1994 the circumstances of these households were considered to be deteriorating the least among the five countries. Poland or Hungary fall to the bottom of the rank order; respondents from these countries evaluate their families as less upwardly mobile and much more downwardly mobile compared to the opinions of people from the other societies.

In addition to country-specific differences, which are similar for the case of perceived social position, perceived mobility is also influenced by standard socio-demographic features such as occupation, education, income and age. The connection between mobility and these characteristics

(especially for the period between 1994 and the 1980s, which is the most important period for the analysis) was investigated by variance analysis (not displayed).

As Table 2.3 indicated, in all of the five post-socialist societies the most typical attitude towards the transition period is the strong sense of downward mobility. The variation we are talking about is between the opinion of losing less and of losing more during this mobility process. The statistical test reveals significant differences by occupation: the households of managers and professionals did not lose as much during the transition as did families of agricultural workers or semi-skilled and unskilled workers. Households of farmers seemed to have lost a lot as well, especially in Poland and the Czech Republic. Families of the self-employed are the relative winners of the transition: even though perceived mobility is mainly negative for them as well, they seem to complain less than the others. Higher occupational status and better education also mitigated losses during the transition. The increasing trend for education is almost linear (except for Germany, where education is not significant): the higher the level of education of the head of household, the less the family loses. Income has an effect similar to that of occupation and education. Perceived mobility between the 1980s and 1994 differs significantly by income deciles in the household in such a way that a higher income level results in a higher mean (that is, less of a loss) for perceived mobility. Finally, age differences indicate strong variation between the countries with respect to perceived mobility. In Germany the 30-39 year olds seem to be the biggest losers of the system change; in Hungary it is the 50-59 year olds, and in the Czech Republic and Slovakia it is those aged 60-69. (Age differences are not significant in Poland.)

In evaluating perceived social mobility in a society, the relationship between these attitudes towards mobility and observed objective mobility may be of interest. The data allow for a comparison of the facts and beliefs in this respect, since we have information concerning the occupation and education of the father. For this purpose, objective mobility typologies were constructed, distinguishing between the categories "much upward mobility," "upward mobility," "immobility," "downward mobility" and "much downward mobility" (Table SM.8).

The correlation between perceived mobility and observed intergenerational mobility indicates both country-specific differences and variations for the periods referred to by perceived mobility. All correlations displayed in Table SM.8 are positive, which means that the direction of objective and subjective mobility is the same. On the other hand, the figures in the table are quite low (even if they are significant), which means that the statistical relationship between 'reality' and its perception is rather weak. Intergenerational mobility is more strongly related to perceived mobility in the period from before the war to the present than it is between the other two periods. The explanation of this result may be that intergenerational mobility covers a longer period, sometimes several decades. In fact, we performed a group analysis that split the estimations of Table SM.8 into three age groups (18 to 39, 40 to 59 and 60 and over). We will not present here the details, but for the oldest group we found significant correlations for perceived mobility only with respect to the pre-war era and the present. For the very recent period of perceived mobility from the 1980s to 1994, we found a significant relationship between objective and subjective mobility for the youngest group in Hungary, Germany and Slovakia, and for the middle group in the Czech Republic and Poland. This finding means that, for our purposes, intergenerational mobility is not the best measurement. The time spans of intergenerational mobility and perceived mobility cannot be properly related, and it is unfortunate that the data do not contain career mobility information for at least the period between the 1980s and 1994 (Table 2.4 inserted).

Table 2.4.

Correlations between perceived mobility and observed mobility in the five countries.  
(Measurement: perceived mobility, difference between 7-grade scale. Observed mobility: five-category typology.)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Observed occupational mobility						
1994 - the prewar era	0.13**	0.22**	0.13**	0.17**	0.18**	0.16**
1994 - the 1950s	0.05	0.17**	0.06	0.09	0.13**	0.09**
1994 - the 1980s	0.08	0.14**	0.06	0.09**	0.09	0.07**
Observed educational mobility						
1994 - the prewar era	0.17**	0.19**	0.17**	0.07	0.16**	0.15**
1994 - the 1950s	0.08	0.17**	0.11**	0.12	0.14**	0.08**
1994 - the 1980s	0.06	0.08	0.08	0.08	0.03	0.03

Significance: \*  $p < .01$  \*\*  $p < .001$  \*\*\*

As far as differences between countries are concerned, the statistical connection between perceived and observed mobility is the strongest for Poland and the weakest for Germany. It is interesting to note that Germany and the Czech Republic are found at the top for perceived mobility (Table 2.4) while upward occupational mobility is the strongest for Slovakia and Hungary and upward educational mobility is the strongest for Slovakia and Poland (Table SM.8). Accordingly, a certain statistical relationship exists between observed and perceived mobility (a positive correlation); yet the conclusion is ambiguous if a stronger intergenerational upward mobility results in stronger perceived mobility.

A closer look at this question has been obtained by computing the means of perceived status change for the groups of the observed mobility typology. For this aim, variance analysis was used, a method that is, with respect to statistical significance, a more rigorous test for the relationship between observed and perceived mobility. We can summarize the findings as follows:

1. There is a significant attitude that the social position of the household has improved by intergenerational upward mobility of the household head only for the period between the pre-war era and 1994. This finding holds if intergenerational mobility is measured by either occupational or educational difference between the respondent and father. (Educational mobility is not significant for Germany.)

2. For the next time span, between the 1950s and the present, in Poland, Hungary and Slovakia observed intergenerational upward mobility results in the perception of a significant improvement in household status (in Hungary this is the case only if mobility is measured by educational change).

3. Practically no significant statistical relationship exists between observed intergenerational mobility and perceived mobility when the latter is measured from the 1980s to 1994. Two exceptions to this result are the cases of Poland, when measuring observed mobility by occupational change, and Hungary, when measuring observed mobility by educational change.

Although our results indicate that attitudes concerning changes of the household's position during the transition are not related to objective and observed mobility processes, we must again underline that this analysis referred only to the role of intergenerational mobility. Despite this negative finding, a stronger statistical relationship may exist between observed and perceived

mobility if observed mobility between the 1980s and the present is portrayed by changing occupational position, becoming self-employed or unemployed, moving from the public to the private sector, or other types of career mobility.

## **2.4. Causal analysis: Determinants of perceived social position**

Having presented the descriptive results, in the second part of the analysis we will present a causal model of social determinants of perceived social position in 1994. In the previous section evidence was provided of possible factors that could influence the subjective placement of the households on the social ladder. These factors can be grouped by objective and subjective characteristics, as well as by individual or household level. The goal of causal analysis is to provide a model for significant effects on perceived social position, taking into consideration that there is a correlation between the predictor variables.

The dependent variable for this model is the placement of the household on the seven-grade ladder for 1994. We distinguish the following five groups of effects:

1. social origin (father's occupation, parents' education);
2. social status (occupation, education, income, age);
3. objective characteristics of the household (entrepreneurship, unemployment, saving capability);
4. previous social standing of the household (perceived position before the World War II, in the 1950s and in the 1980s);
5. attitudes concerning the financial level and the social and life circumstances of the household (household's placement on the income ladder, ability to make ends meet, sufficiency of household income to cover customary needs, whether the household had or did not have financial hardship, whether the household is considered to be absolutely poor or only occasionally poor, satisfaction of the head of household with his or her life).

Accordingly, the causal model is hierarchically constructed in five steps and is separately fitted to the data for the five countries. The results of this multivariate analysis is displayed in Table SM.9 and can be summarized as follows:

1. **Social origin.** Perceived social position is significantly influenced by the father's education (the Czech Republic and Poland) or by the mother's education (Germany). Social origin does not matter for Slovakia. The father's occupation is not significant in most models, except for Hungary in the last model. Social origin seems to have the strongest effect for Germany: the mother's education has a large and significant impact on perceived social position, even when controlled for other variables. In Hungary, the same holds for the father's occupation and education. However, the maximum variance of perceived social position that social origin is able to explain is 3 percent.

2. **Social status.** In the Czech Republic and Poland occupation, education and income are significant determinants of the subjective ranking of households on the social ladder. Occupation has no significant influence in Hungary, while in Germany and Slovakia only income has an impact. If we look at the level of significance of the status variables already controlled for in the other measurements, the determining role of social status is the strongest for the Czech Republic and the weakest for Germany. As for the subjective social position of households, in Hungary and Slovakia only income plays an important role, while in Poland both income and education do so. Age does not matter too much in this respect. The explained variance by social status varies between 4 percent (Germany) and 12 percent (Poland).

3. **Household characteristics.** The presence of entrepreneurship increases significantly the evaluation of the social standing of the family only in Poland. The saving capability of the household, however, has a significant positive effect on perceived social position in every country, while unemployment in the household has a significant negative effect (except in Slovakia, where

unemployment has no impact). Status variables remain significant at this step (except in Germany). If these household characteristics are taken into consideration, then the explained variance of the household's perceived status increases to 13-17 percent.

**4. Previous social status.** As shown before, attitudes concerning the social status of the household at previous points in time influence the present evaluation of the family. The causal model indicates that in this respect the perceived social position in the 1980s is the most important factor and has a strong positive effect for all five countries. The subjective placement of households in the pre-war era and in the 1950s has an affect only for the Czech Republic and, in part, Germany. These influences are very interesting, because the subjective placement of households in the Czech Republic in the 1950s and in Germany in the pre-war era has a negative impact on the self-evaluation of households in the present. This result indicates that the perceived mobility process is probably more complex in these two countries, as was suggested before. If the earlier subjectively perceived positions of the households are included in the model, then the status variables and measurements for household characteristics remain as significant as before, and the explained variance of the present social standing of the household varies between 16 percent (Germany) and 27 percent (Czech Republic).

**5. Attitudes and subjective evaluations.** As presented in the previous part of the analysis, and as has been repeatedly shown in other parts of the report (particularly in the cases of objective and subjective poverty), the subjective evaluation of household material circumstances has a strong impact on the perceived social position for the present. The causal analysis provides further evidence of this. Higher placement on the subjective income ladder and the ability to make ends meet increase the perceived social position of the household significantly in every country studied. In Hungary, the opinion as to whether income covers customary needs or not is also significant in this respect. In all five countries except Slovakia, if the household is considered to be in absolute poverty, then perceived social position will be significantly lower compared to when it is not considered absolutely poor. In the Czech Republic and Hungary, occasional poverty has the same impact. Finally, overall satisfaction with life is also a strong positive predictor for higher placement on the social ladder. This group of variables has so strong an influence on perceived social position that almost all status effects are suppressed. Among household features, the role of unemployment in Poland and of saving ability in Hungary remain significant. Perceived social position for the 1980s maintains a determining role in the last step as well. In the final model, explained variance increases to 43-53 percent.

The causal analysis makes it clear that perceived social position is determined by various social factors. Measurements for the social origin, social status and objective situation of the household are important predictor variables; however, attitudes and subjective feelings may have a stronger impact. Accordingly, the causal link behind perceived household social position is, first, the influence of objective determinants on attitudes and subjective evaluations of the financial situation in the family, and second, the influence of satisfaction with material circumstances on the general attitude concerning the social standing of the household in society. In the last group of variables, subjective placement on the income ladder, as well as attitudes concerning the ability to make ends meet, have a strong impact on perceived social position. Satisfaction with life seems to be a similarly important factor. While the sense of living in poverty is also a significant predictor of the position on social ladder, the influence of this opinion seems not to be so strong as the other attitude measurements.

## **2.5. Outlook on the future**

For the conclusion of the analysis we shall not repeat the arguments about the historical, political and economic differences among these five nations. Nor shall we summarize the main results. Instead, one more question will be discussed: the perceived social position of the household for the future (in three to five years), measured on a similar seven-grade scale. This factor makes it possible to construct another mobility variable, which can be labeled an optimism or pessimism scale, which represents the difference between the value on the seven-grade scale for the present and for the future. This variable shows whether the respondent expects an increase or a decline in the social standing of his or her family in three to five years. The results are presented in Table 2.5 (inserted).

In many respects, this table is a summary of findings presented before. The means of the perceived social position for the future are the highest in Germany and the Czech Republic. Respondents from these countries placed their families higher on the social ladder for the post-socialist era than did respondents from the other countries, and their future prospects are, in their opinion, also more favorable. With respect to hopes for the future, Poland and Hungary are at the bottom of the rank order. There is about a one and a half point difference on the social ladder between Germany (at the top) and Hungary (at the bottom), which is a significant distinction.

According to the optimism-pessimism scale, hopes for the future are not very strong. The mean for the pooled sample (all five countries) is close to zero, which means that on the average people in these societies do not expect big changes. Still, behind the mean there is significant variation by country, which seems to be a very typical result. Polish respondents, who placed their families very low on the social ladder for 1994, turn out to be the most optimistic in a relative sense. The positive means for Poland, Germany and the Czech Republic are very close to zero as well, as is the negative mean for Slovakia. Respondents from these societies hope that the social standing of their household will not deteriorate. However, the stronger negative mean for Hungary shows clearly that Hungarians are very pessimistic about the near future and expect a further downturn for their families in the next three to five years, while respondents from the other countries hope to at least keep their present position. This result can be interpreted to mean that Hungarians have a larger sense that they have lost more and won less during the transition than do people from the other societies in East-Central Europe (Table 2.5).



Table 2.5.

Rank order of the five countries by perceived social position in the future and perceived social mobility between the present and the future. (Measurement: 7-grade scale and difference between 7-grade scales; means and standard deviations in brackets)

Perceived social position between 1994 and 1996- 1997	Perceived social mobility in 2-3 years (1998)
1. Germany (M=4.5, Std=1.35)	Poland (M=0.1, Std=0.93)
2. Czech Republic (M=4.0, Std=1.40)	Germany (M=0.1, Std=0.77)
3. Slovakia (M=3.7, Std=1.50)	Czech Republic (M=0.1, Std=0.79)
4. Poland (M=3.6, Std=1.53)	Slovakia (M=-0.1, Std=0.96)
5. Hungary (M=3.2, Std=1.47)	Hungary (M=-0.3, Std=0.99)
Region, average (M=3.82, Std=1.51)	Region, average (M=-0.01, Std=0.89)

Significance: all estimates  $p < .001$

### *Methodological Notes*

1. The variable used for Table SM.3 for the mobility typology was missing in its original form for the cases of respondents who did not answer the question having to do with perceived social position (Q.13.) for any of the four dates. We recomputed this variable but left out the missing cases for the pre-war period, the 1950s and the 1980s, and considered only the missing cases for 1994. Thus, for example, the "increase" type may include such cases, whereas the original variable was missing for the 1950s. But otherwise the answers met the requirements of the type. This solution results in many fewer missing cases in the data file.

2. The original "best period" and "worst period" variables had a code for "multiple best" and "multiple worst" for cases in which the highest or lowest placement occurred more than once among the four answers for the four dates. These codes were missing. We recomputed these variables in such a way that these "multiple" answers for the latest date among those with the same placement was regarded as the best or the worst. This solution results in many fewer missing cases but has the disadvantage that the earlier periods have less chance than the later periods of becoming the best or the worst.

3. The indicators of objective social mobility:

#### *Occupational mobility:*

Both the father's and respondent's occupation were measured on the same ordinal scale:

1. agricultural manual worker
2. semi- and unskilled worker
3. self-employed farmer
4. skilled manual worker

5. self-employed artisan and shop-keeper
6. lower non-manual worker
7. manager and professional

By subtracting the father's occupation from the respondent's, five types of occupational mobility were computed:

1. strongly downward: a difference of -3 and -6 points between the scores;
2. downward: a difference of -1 or -2 points between the scores;
3. immobility: the difference between scores equals 0;
4. upward: a difference of 1 or 2 points between the scores;
5. strongly upward: a difference of 3 and 6 points between the scores.

*Educational mobility:*

The education of both the father and the respondent were measured on the same ordinal scale:

1. less than primary education
2. completed primary education
3. vocational training
4. secondary education
5. tertiary education

By subtracting the father's education from the respondent's, five types of educational mobility were computed:

1. strongly downward: a difference of -2 and -4 points between the scores;
2. downward: a difference of -1 point between the scores;
3. immobility: the difference between the scores equals 0;
4. upward: a difference of 1 point between the scores;
5. strongly upward: a difference of 2 and 4 points between the scores.

## Tables to Chapter 2

Table SM.1.

Perceived social position in 1994 by occupation of head of household, non-pensioners only (means of SOCPOS4)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
agricult. worker	3.29	2.58	3.18	3.56	3.70
semi-unskil worker	3.52	3.02	3.14	3.37	3.64
Skilled worker	3.87	3.44	3.50	4.29	3.75
Farmer	3.60	3.12	3.27	4.67	5.33
small entrepr,self-e	4.22	4.12	3.88	4.65	4.33
MWC, non-rout	4.25	3.82	3.81	4.64	4.41
HWC, manager,owner	4.34	4.08	3.90	4.92	4.14

Table SM.2.

Perceived social position in 1994 by education of head of household, (means of SOCPOS4)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
less than primary	2.38	2.95	3.00	4.51	2.62
primary	3.32	3.05	3.09	4.27	3.42
Vocational	3.74	3.34	3.40	4.39	3.63
secondary	4.06	3.68	3.68	4.45	3.94
higher	4.42	4.16	3.88	4.58	4.06

Table SM.3.

Perceived social position in 1994 by equivalent income deciles, (means of SOCPOS4)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
1 lowest decile	3.19	2.70	2.68	3.48	3.09
2	3.44	2.70	2.86	3.85	3.33
3	3.29	3.17	2.81	4.32	3.52
4	3.79	3.43	3.47	4.48	3.55
5	3.60	3.07	3.30	4.33	3.60
6	3.80	3.34	3.60	4.47	3.77
7	4.01	3.48	3.58	4.74	3.74
8	4.17	3.78	3.63	4.77	3.86
9	4.27	3.92	3.72	4.95	4.28
10 highest decile	4.46	4.42	4.22	4.89	4.64

Table SM.4.

Perceived social position in 1994 by age group of head of household (means of SOCPOS4)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
under 30	4.02	3.19	3.46	4.17	3.97
31-40	3.88	3.53	3.47	4.17	3.74
41-50	4.00	3.48	3.45	4.46	3.88
51-60	3.86	3.46	3.31	4.50	3.82
61-70	3.52	3.19	3.37	4.66	3.38
71 and over	3.55	3.10	3.28	4.57	3.33

Table SM.5.

Mobility typology for perceived social position during four periods in the five countries (%)

Typology, average	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Immobility	<b>11.6%</b> <i>7.2</i>	<b>5.8%</b> <i>-1.0</i>	<b>5.6%</b> <i>1.3</i>	<b>3.1%</b> <i>-5.2</i>	<b>6.9%</b> <i>0.6</i>	<b>6.5%</b>
Increase	<b>29.5%</b> <i>2.8</i>	<b>24.7%</b> <i>-1.0</i>	<b>18.9%</b> <i>-5.6</i>	<b>25.7%</b> <i>-0.2</i>	<b>30.9%</b> <i>4.0</i>	<b>25.9%</b>
Decrease	<b>7.4%</b> <i>0.3</i>	<b>7.4%</b> <i>0.2</i>	<b>9.0%</b> <i>2.4</i>	<b>2.7%</b> <i>-6.6</i>	<b>10.1%</b> <i>3.9</i>	<b>7.2%</b>
U-shaped curve	<b>24.1%</b> <i>4.3</i>	<b>14.8%</b> <i>-4.1</i>	<b>14.6%</b> <i>-4.1</i>	<b>30.1%</b> <i>10.3</i>	<b>14.8%</b> <i>-6.8</i>	<b>19.3%</b>
Reversed U-shaped curve	<b>19.6%</b> <i>-7.5</i>	<b>37.2%</b> <i>6.2</i>	<b>38.5%</b> <i>7.1</i>	<b>21.3%</b> <i>-6.6</i>	<b>30.7%</b> <i>1.0</i>	<b>29.4%</b>
Other curve	<b>7.8%</b> <i>-4.2</i>	<b>10.1%</b> <i>-1.9</i>	<b>13.4%</b> <i>1.8</i>	<b>17.1%</b> <i>6.2</i>	<b>9.7%</b> <i>-2.2</i>	<b>11.7%</b>
Total	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
N=	984	1032	986	1107	987	5096

**Bold figures:** column percentages*Cursive figures:* adjusted residuals (positive values mean overrepresentation, negative values mean underrepresentation in the given cell; counts with an absolute value smaller than 2.0 are not significant)

Table SM.6.

Percentage distribution of households according to the best period chosen out of the four periods for perceived social position

Period	Czech Republic	Poland	Hungary	Germany	Slovakia	Region, average
Before WWII	<b>18.3%</b> <i>1.5</i>	<b>15.6%</b> <i>-1.1</i>	<b>17.5%</b> <i>0.8</i>	<b>15.0%</b> <i>-1.8</i>	<b>17.5%</b> <i>0.7</i>	<b>16.7%</b>
In the 1950s	<b>7.7%</b> <i>0.5</i>	<b>10.1%</b> <i>3.7</i>	<b>7.3%</b> <i>-0.2</i>	<b>4.4%</b> <i>-4.2</i>	<b>7.7%</b> <i>0.4</i>	<b>7.4%</b>
In the 1980s	<b>38.2%</b> <i>-6.3</i>	<b>49.9%</b> <i>1.9</i>	<b>58.4%</b> <i>7.8</i>	<b>40.3%</b> <i>-5.2</i>	<b>50.2%</b> <i>2.0</i>	<b>47.3%</b>
In 1994	<b>8%</b> <i>5.5</i>	<b>24.4%</b> <i>-3.4</i>	<b>16.8%</b> <i>-9.1</i>	<b>40.3%</b> <i>9.7</i>	<b>24.6%</b> <i>-3.1</i>	<b>28.6%</b>
Total	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
N=	984	1032	986	1107	987	5096

**Bold figures:** column percentages

*Cursive figures:* adjusted residuals (positive values mean overrepresentation, negative values mean underrepresentation in the given cell; counts with an absolute value smaller than 2.0 are not significant)

Table SM.7.

Percentage distribution of households according to the worst period chosen out of the four periods for perceived social position

Period	Czech Republic	Poland	Hungary	Germany	Slovakia	Region, average
Before WWII	<b>38.0%</b> <i>-0.5</i>	<b>38.6%</b> <i>-0.1</i>	<b>29.9%</b> <i>-6.3</i>	<b>41.8%</b> <i>2.4</i>	<b>44.8%</b> <i>4.4</i>	<b>38.7%</b>
In the 1950s	<b>24.9%</b> <i>5.4</i>	<b>15.0%</b> <i>-3.5</i>	<b>19.0%</b> <i>0.1</i>	<b>21.3%</b> <i>2.4</i>	<b>13.8%</b> <i>-4.5</i>	<b>18.8%</b>
In the 1980s	<b>4.7%</b> <i>-2.5</i>	<b>5.7%</b> <i>-1.1</i>	<b>3.5%</b> <i>-4.1</i>	<b>13.2%</b> <i>10.3</i>	<b>4.4%</b> <i>-3.0</i>	<b>6.5%</b>
In 1994	<b>32.4%</b> <i>-2.6</i>	<b>40.7%</b> <i>3.5</i>	<b>47.6%</b> <i>8.4</i>	<b>23.7%</b> <i>-9.7</i>	<b>37.0%</b> <i>0.7</i>	<b>36.0%</b>
Total	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
N=	984	1107	986	1032	987	5096

**Bold figures:** column percentages

*Cursive figures:* adjusted residuals (positive values mean overrepresentation, negative values mean underrepresentation in the given cell; counts with an absolute value smaller than 2.0 are not significant)

Table SM.8.

Percentage distribution of households according to observed intergenerational mobility between father of head of household and head of household \*

Mobility	Czech Republic	Poland	Hungary	Germany	Slovakia	Region, average
<b><i>Observed occupational mobility</i></b>						
much down	<b>6.1%</b> <i>1.9</i>	<b>3.2%</b> <i>-2.8</i>	<b>5.2%</b> <i>0.5</i>	<b>6.0%</b> <i>1.6</i>	<b>3.9%</b> <i>1.3</i>	<b>4.9%</b>
downward	<b>17.6%</b> <i>3.0</i>	<b>12.8%</b> <i>-1.7</i>	<b>14.2%</b> <i>-0.3</i>	<b>14.9%</b> <i>0.3</i>	<b>12.8%</b> <i>-1.4</i>	<b>14.5%</b>
immobility	<b>36.1%</b> <i>2.1</i>	<b>37.8%</b> <i>3.5</i>	<b>29.0%</b> <i>-3.0</i>	<b>35.2%</b> <i>1.3</i>	<b>25.9%</b> <i>-4.3</i>	<b>33.2%</b>
upward	<b>24.9%</b> <i>-3.3</i>	<b>31.6%</b> <i>1.8</i>	<b>27.9%</b> <i>-1.0</i>	<b>30.3%</b> <i>.7</i>	<b>32.6%</b> <i>2.1</i>	<b>29.3%</b>
much up	<b>15.3%</b> <i>-2.5</i>	<b>14.6%</b> <i>-3.3</i>	<b>23.7%</b> <i>4.9</i>	<b>13.6%</b> <i>-3.6</i>	<b>24.8%</b> <i>4.9</i>	<b>18.1%</b>
Total	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Mean	3.26	3.42	3.51	3.31	3.62	3.41
Std.dev	1.10	0.99	1.15	1.07	1.11	1.09
N=	901	967	917	785	665	4235
<b><i>Observed educational mobility</i></b>						
much down	<b>2.0%</b> <i>0.5</i>	<b>1.9%</b> <i>-0.6</i>	<b>2.6%</b> <i>1.1</i>	<b>3.6%</b> <i>3.7</i>	<b>.6%</b> <i>-3.7</i>	<b>2.2%</b>
downward	<b>13.3%</b> <i>6.9</i>	<b>6.5%</b> <i>1.8</i>	<b>8.0%</b> <i>0.2</i>	<b>7.3%</b> <i>-0.8</i>	<b>4.5%</b> <i>-4.4</i>	<b>7.9%</b>
immobility	<b>45.6%</b> <i>8.4</i>	<b>29.3%</b> <i>-3.6</i>	<b>31.9%</b> <i>-1.7</i>	<b>36.9%</b> <i>2.0</i>	<b>27.2%</b> <i>-5.1</i>	<b>34.2%</b>
upward	<b>29.3%</b> <i>0.1</i>	<b>25.1%</b> <i>-3.2</i>	<b>29.3%</b> <i>0.0</i>	<b>26.4%</b> <i>-2.2</i>	<b>36.3%</b> <i>5.4</i>	<b>29.2%</b>
much up	<b>9.8%</b> <i>-13.1</i>	<b>37.2%</b> <i>8.5</i>	<b>28.2%</b> <i>1.3</i>	<b>25.8%</b> <i>-0.6</i>	<b>31.4%</b> <i>3.9</i>	<b>26.5%</b>
Total	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
Mean	3.32	3.89	3.72	3.63	3.93	3.70
Std.dev.	0.89	1.04	1.04	1.06	0.90	1.01
N=	966	996	947	1042	974	4925

**Bold figures:** column percentages

*Cursive figures:* adjusted residuals (positive values mean overrepresentation, negative values mean underrepresentation in the given cell; counts with an absolute value smaller than 2.0 are not significant)

\*For the explanation of the mobility variable see Methodological notes at the end of the Chapter

Table SM.9.

Social determination of perceived social position in 1994 in five nations (Results from a hierarchical OLS regression analysis: standard coefficients)

	Social origin	Social status	Household features	Previous social standing	Subjective
A. Czech Republic					
Father's occupation	.047	-.030	-.037	-.076	-.046
Father's education	<b>.137</b>	.052	.047	.019	.026
Mother's education	.017	-.060	-.058	-.061	-.058
Occupation		<b>.134</b>	<b>.124</b>	<b>.100</b>	.050
Education		<b>.137</b>	<b>.125</b>	<b>.093</b>	-.024
Income		<b>.180</b>	<b>.119</b>	<b>.103</b>	-.048
Age		-.068	-.051	-.070	<b>-.078</b>
Self-employment			-.001	.019	-.022
Unemployment			<b>-.078</b>	<b>-.075</b>	-.025
Saving capability			<b>.160</b>	<b>.163</b>	-.004
Position before the war				<b>.137</b>	<b>.106</b>
in the 1950s				<b>-.078</b>	<b>-.120</b>
in the 1980s				<b>.360</b>	<b>.332</b>
Subjective income ladder					<b>.261</b>
Making ends meet					<b>.147</b>
Income covers needs					.033
Financial hardship					-.036
Absolute poverty					<b>-.129</b>
Occasional poverty					<b>-.165</b>
Satisfaction with life					<b>.103</b>
Explained variance	2.8%	11.2%	13.9%	26.9%	47.1%

Significance: Bold figures  $p < .05$

Table SM.9. (continued)

	Social origin	Social status	Household features	Previous social standing	Subjective
B. Poland					
Father's occupation	-.006	-.026	-.043	-.051	-.058
Father's education	<b>.122</b>	.032	.049	.043	.027
Mother's education	.040	-.046	-.052	-.045	.003
Occupation		<b>.103</b>	.052	.052	.011
Education		<b>.131</b>	<b>.129</b>	<b>.096</b>	.007
Income		<b>.243</b>	<b>.178</b>	<b>.178</b>	.017
Age		-.054	-.060	-.074	<b>-.059</b>
Self-employment			<b>.076</b>	.052	.007
Unemployment			<b>-.115</b>	<b>-.126</b>	<b>-.066</b>
Saving capability			<b>.191</b>	<b>.178</b>	.027
Position before the war				-.017	.002
in the 1950s				.018	-.024
in the 1980s				<b>.279</b>	<b>.191</b>
Subjective income ladder					<b>.311</b>
Making ends meet					<b>.155</b>
Income covers needs					.037
Financial hardship					-.025
Absolute poverty					<b>-.125</b>
Occasional poverty					-.018
Satisfaction with life					<b>.178</b>
Explained variance	1.8%	11.6%	16.7%	24.3%	53.4%

Significance: Bold figures  $p < .05$



Table SM.9. (continued)

	Social origin	Social status	Household features	Previous social standing	Subjective
C. Hungary					
Father's occupation	-.008	-.049	-.065	-.066	<b>-.076</b>
Father's education	.106	.074	.086	.077	<b>.102</b>
Mother's education	.021	-.015	-.011	-.017	.001
Occupation		-.013	-.049	-.034	-.018
Education		<b>.104</b>	.059	.039	-.031
Income		<b>.246</b>	<b>.170</b>	<b>.156</b>	.012
Age		.048	.004	-.010	-.001
Self-employment			.038	.037	-.014
Unemployment			<b>-.151</b>	<b>-.137</b>	-.027
Saving capability			<b>.259</b>	<b>.242</b>	<b>.074</b>
Position before the war				-.005	-.043
in the 1950s				.001	.032
in the 1980s				<b>.301</b>	<b>.214</b>
Subjective income ladder					<b>.269</b>
Making ends meet					<b>.123</b>
Income covers needs					<b>.117</b>
Financial hardship					-.016
Absolute poverty					<b>-.127</b>
Occasional poverty					<b>-.078</b>
Satisfaction with life					<b>.137</b>
Explained variance	1.0%	7.9%	16.4%	25.0%	47.8%

Significance: Bold figures  $p < .05$

Table SM.9. (continued)

	Social origin	Social status	Household features	Previous social standing	Subjective
D. Germany					
Father's occupation	-.074	-.080	-.064	-.030	-.042
Father's education	.027	-.101	-.124	-.139	-.033
Mother's education	<b>.169</b>	<b>.185</b>	<b>.181</b>	<b>.182</b>	.051
Occupation		.022	.001	-.034	-.063
Education		.035	.020	.033	.004
Income		<b>.186</b>	.085	.080	-.009
Age		.063	-.003	.003	-.043
Self-employment			.028	.008	-.033
Unemployment			<b>-.209</b>	<b>-.213</b>	-.072
Saving capability			<b>.212</b>	<b>.229</b>	-.020
Position before the war				<b>-.122</b>	-.063
in the 1950s				.077	.052
in the 1980s				<b>.172</b>	<b>.152</b>
Subjective income ladder					<b>.310</b>
Making ends meet					<b>.164</b>
Income covers needs					-.050
Financial hardship					.070
Absolute poverty					<b>-.168</b>
Occasional poverty					-.098
Satisfaction with life					<b>.253</b>
Explained variance	0.8%	4.1%	13.1%	16.5%	48.4%

Significance: Bold figures  $p < .05$

Table SM.9. (continued)

	Social origin	Social status	Household features	Previous social standing	Subjective
D. Slovakia					
Father's occupation	.055	.006	.023	.027	-.014
Father's education	.052	.047	.036	.015	.013
Mother's education	.023	.039	.031	-.023	.006
Occupation		.073	.052	.071	.016
Education		.059	.037	.051	.023
Income		<b>.199</b>	<b>.133</b>	<b>.112</b>	.008
Age		.079	.086	.028	.008
Self-employment			.019	.001	-.014
Unemployment			-.062	-.096	-.063
Saving capability			<b>.238</b>	<b>.239</b>	.018
Position before the war				.046	.044
in the 1950s				.050	.025
in the 1980s				<b>.235</b>	<b>.249</b>
Subjective income ladder					<b>.342</b>
Making ends meet					<b>.108</b>
Income covers needs					.080
Financial hardship					-.007
Absolute poverty					-.057
Occasional poverty					-.074
Satisfaction with life					<b>.111</b>
Explained variance	0.7%	7.0%	12.3%	18.9%	43.2%

Significance: Bold figures  $p < .05$

## Chapter 3

### Income levels and differentiation of income

*Zsuzsa Ferge*

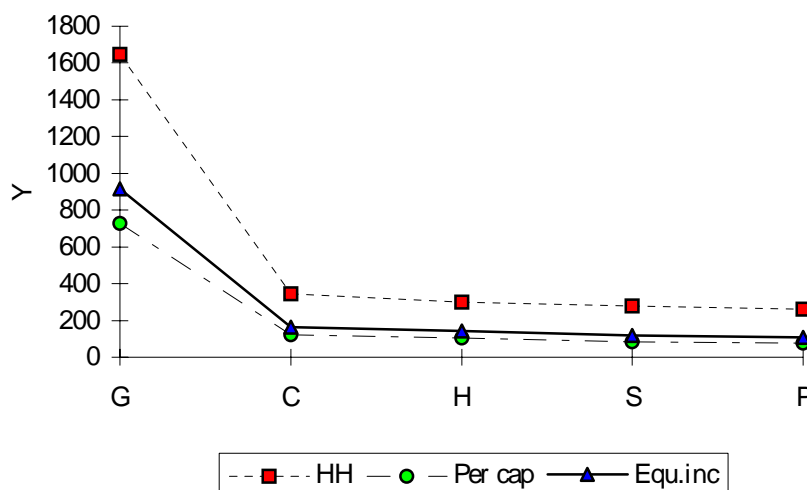
Income recording always presents difficulties. In a brief appendix attached to this chapter we present some of the problems that may be particularly important in this survey. Despite all the uncertainties regarding the income data in absolute terms, the tendencies emerging from their analysis appear sociologically credible and harmonize with data from other sources, official statistics included. Further, it may be supposed that the distribution of households by income percentiles (deciles, quintiles, and so on) is only slightly affected by non-declaration. However, bear in mind that the income data (presented most often as averages in US dollars) reflect reality with a high margin of uncertainty.

#### 3.1. The change of income inequalities over time

As general background information for the analysis of incomes, note that the rank order of the countries is similar whether we measure it by (monthly) income per household, per capita or per consumption unit. (The households declared their income for November 1994). (Table I.1, Chart 3.1.

Chart 3.1.

The rank order of countries by income indicators



HH: Income per household; Per cap: per capita; Equ.inc: Equivalent income

The rank order of the countries does not seem to have changed with the transition, but the patterning of income levels did. Before the transition, income standards were relatively close to each other in all the countries in the survey, but currently they form two distinct clusters: Germany and the rest. Whatever income measure we use, Germany is always the "outlier" far at the top, with a monthly

household income around USD 1600, and a per capita income close to USD 800. The other countries are all between the narrow range of USD 260 to 350 per household, and USD 80 to 120 per capita, with a similar rank order in the case of each income measure. The difference between the countries seems to be due not so much to the recent fall of production and of incomes as it is a result of the former economic level, activity rate, system of social benefits and so on. The truly interesting case is that of Germany, the only country with a significant improvement in incomes. The improvement has nothing to do with economic performance -- which decreased in Germany more abruptly than elsewhere -- but is of course due to transfers from the western part of the country.

According to research in the 1980s, income inequalities were greater in Poland and Hungary than in East Germany or Czechoslovakia. This pattern still holds. However, as foreseen by many, inequalities have increased everywhere. These changes may be illustrated by comparing present data with the findings of a magisterial study of Anthony B. Atkinson and John Micklewright (1992) relating to income distribution before the transition that covered four of the five countries included in the SOCO survey<sup>13</sup> (Table I.2).

In the light of earlier analyses the changes in inequality are very significant. As Atkinson and Micklewright have shown, there were also changes over time prior to the transition period. In both Poland and Hungary (as well as in Great Britain, which was used in the comparisons as an example of a capitalist economy), the tendency was for income inequalities to decrease in the first decades after the war. From the 1970s or 1980s on, they again increased. Czechoslovakia was the exception -- in this country income inequalities decreased continuously from the 1950s on. Despite former changes in most countries, the impact of the transition on income inequalities is bigger than that of the former changes, especially because recent movements have been very rapid.

The extent of change may be illustrated by the variations over time of the decile ratio (P90/P10) between the early 1960s and the date of the transition. In Czechoslovakia, the ratio oscillated during the thirty years between 2.41 and 2.86, and is now 3.19; in Hungary, it was between 2.61 and 2.89, and is now over 3. This series is available for Poland only for the period between 1983 and 1986, and then it changed from 2.93 to 3.07, reaching now 5.5 (this multiplier is not influenced by the few unusually honest entrepreneurs--see Appendix to this chapter). The jump from the former to the current level is significant in all the cases. Still, the present level of inequality is not particularly high if compared either to the post-war period in the same countries or to British data. With the exception of Poland, the income distribution mapped by our data (admittedly less reliable than income data under the previous system when practically all income was centrally controlled) is now closer to market economies than it used to be, but the level of inequality is still lower. Poland shows a pattern that is similar to the most unequal capitalist countries such as the United States. We are unable to resolve the question whether Poland has indeed moved so far outside the range of income inequality known in the region, or whether the quality of data varies. It may well be that Polish figures somewhat exaggerate, while the others underplay current inequalities.

In any case, change is ubiquitous. In all the countries, low incomes (that is, below-average income compared to the median, that is the mid-point of income distribution [P5, P10, P25]) have become relatively lower, and in the case of Poland much lower. Generally, high incomes have become relatively higher, sometimes (as in Poland) much higher. Let us re-emphasize that the relative measures used (with the exception of the variation coefficient) are not influenced by exceptionally low or high income declarations. The overall inequality (as represented by the P90/P10 ratio and by the coefficient of variation) has increased considerably everywhere. Yet, the former compression of

<sup>13</sup> Some temerity is needed to do this comparison. Atkinson and Micklewright used official statistical results derived from much larger samples. The methods of former data collection were different. Under-recording was due to different reasons, etc. However, as Table I.2 suggests, the tendencies emerging from the comparison seem to catch the essence of changes. For comparability's sake, we have computed most inequality measures presented in the Atkinson-Micklewright book.

the income distribution survived to some extent in the Czech Republic and also in Germany.

All in all, the expected increase of income inequalities has occurred, producing a degree of inequality unknown in the last decades in the transition countries, but still (with the exception of Poland) well within the range of the degree of income inequality prevalent in the west. This conclusion would probably hold even if the SOCO income data were more reliable.

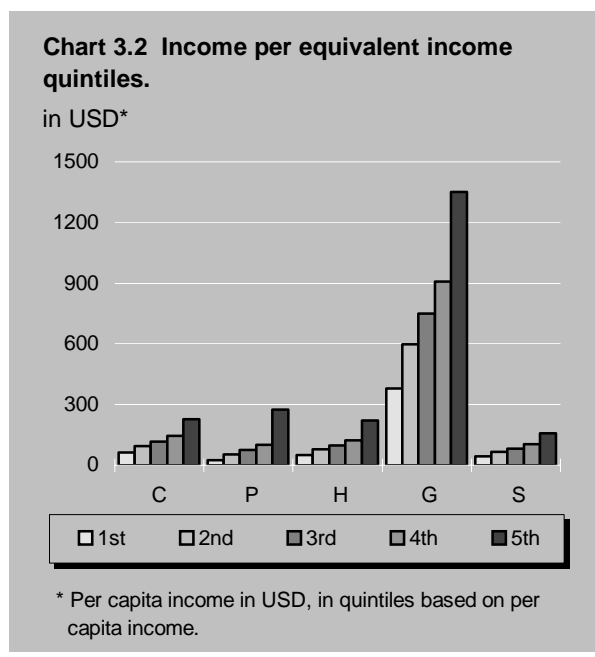
### **3.2. Income inequalities in 1994**

In the analysis of the SOCO results, we use indicators of inequality that differ somewhat from the ones applied by Atkinson and Micklewright. These researchers were, in fact, much concerned with the unrecorded privileges of the elite causing distortions at the top. We assume that those political privileges do not exist any more, at least in the same form. What is unrecorded at the top -- from unreported entrepreneurial income to high-level corruption -- is not too different from what is unrecorded in some market economies (such as Italy). Hence, we use measures based on an untruncated income range. Also, instead of just relative measures, we sometimes use absolute sums (means converted into USD). The overall trends presented here are similar to those revealed by the above comparison in time, but are more detailed.

To portray overall inequalities, one measure used here is the multiplier between the means of high and low income groups. These multipliers show the difference between the average income of the richest and poorest tenth (decile), fifth (quintile) or third (tercile), and so on of the population -- in other words, they describe how many times more income the richer households have than the poorer households. The other interpretation made possible by these multipliers is the difference between the total absolute sum of income accruing to high and low income groups. The multiplier between the highest and lowest *per capita* income decile is between 5 and 6.7, with an exceptionally high multiplier in Poland. These figures are again close to the Western level, but (Poland excepted) not above it (Table I.3).

One might have assumed that income inequalities in the two countries with a head start in introducing a market economy (Poland and Hungary) are mainly due to high entrepreneurial incomes. This assumption is true only to a small extent, though. Large-scale entrepreneurs are scarce, and only very few of them declare genuinely high income. The number of these new "big capitalists" is so low that they hardly affect overall income inequalities. At least according to our data, current great income inequalities in Poland and Hungary are not so much due to high business income as to the very low income level in the poorest income groups.

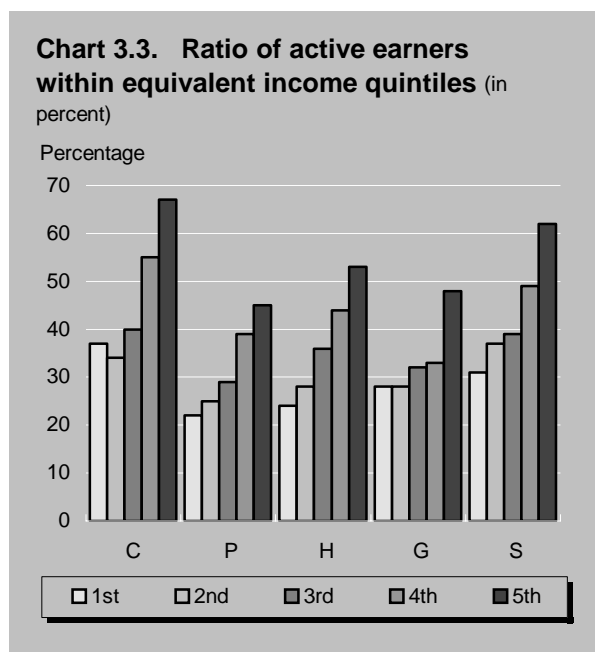
In the highest decile the means are very close to each other: USD 295 in Hungary, 271 in the Czech Republic, 227 in Poland, and 201 in Slovakia. Thus the range is relatively small, the multiplier between the extremes is less than 1.5. Germany is again far above those countries, with USD 1513. Meanwhile, in the cluster of the four poorer countries, the poorest 10 percent of the population has a *per capita* mean income of *only USD 17 per month in Poland*, USD 38 in Slovakia, USD 44 in Hungary and USD 54 in the Czech Republic, the multiplier between the extremes being over three. The mean income in the second poorest decile is higher than USD 53 (the Czech average in the poorest group) only in Hungary and close to it in Slovakia. In Poland, however, the mean of the second decile is no more than USD 35, and even the third decile in Poland remains below the poorest Czechs (USD 49). The tendency is similar in the case of equivalent income (Table I.4, Chart 3.2 for quintiles).



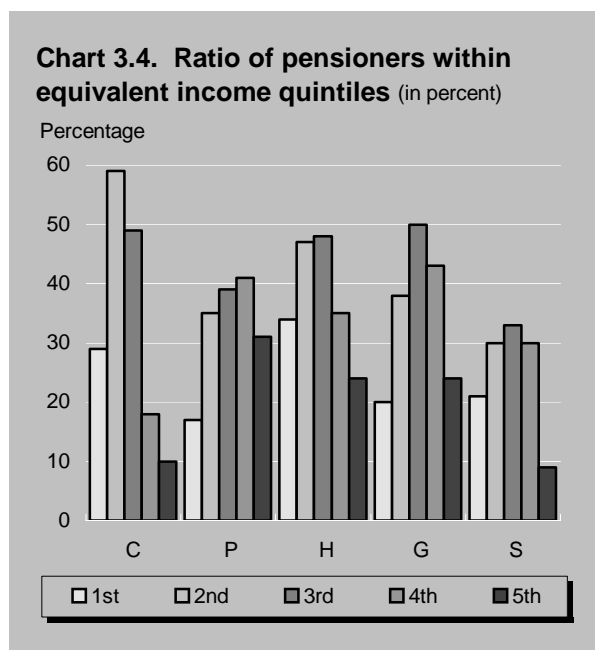
Income distribution is not smooth in any of the countries under scrutiny. The income level does not increase gradually from one fifth to the next. There is an important gap between the poorest and the next fifth followed by smaller increases in the middle of the distribution, followed by another discontinuity at the top. (Income deciles show the same pattern.) The breach between the poorest and the poor, or between the richest and those right below them is present in all five countries, but it is the most conspicuous in Poland (Table I.5).

The jumps at the margins may be considered the logical mathematical consequence of the marginal intervals being open-ended. However, the issue is not merely technical. Various sociological and political factors influence low and high incomes. It may be assumed, for instance, that the wage policy (the non-liberalization of wages) in former Czechoslovakia has been a factor limiting income differentiation. Tax policy may be another factor influencing high incomes. The crucial element is, probably, the quality of the often mentioned "safety net"--that is, whether there is an established minimum level under which nobody can fall.

To understand the above differences, knowing the demographic and social composition of the income groups is of utmost importance. The rate of active earners versus dependents differs significantly between the extreme income groups. The average activity rate for the five countries is 39 percent, being only 32 and 34 percent in Poland and Germany, respectively. (In computing the activity rate, we counted as actives those having some market income, leaving out pensioners and unemployed people, even those on unemployment benefit.) This rate does not vary too much between income quintiles, except for the highest income group. *A high activity rate is a basic condition of acceding to the top quintile.* Compared to the average activity rate of the region (39 percent), this activity rate of the top quintile is 67 percent in the Czech Republic, 62 percent in Slovakia and over 50 percent in the other countries, with the exception of Poland (Table I.6, Chart 3.3). The importance of paid work has to be emphasized both as a source of economic well-being, and, if lacking, as a source of deprivation. It seems to be a major factor leading to the fragmentation of society and ultimately to the marginalization of the most deprived groups.



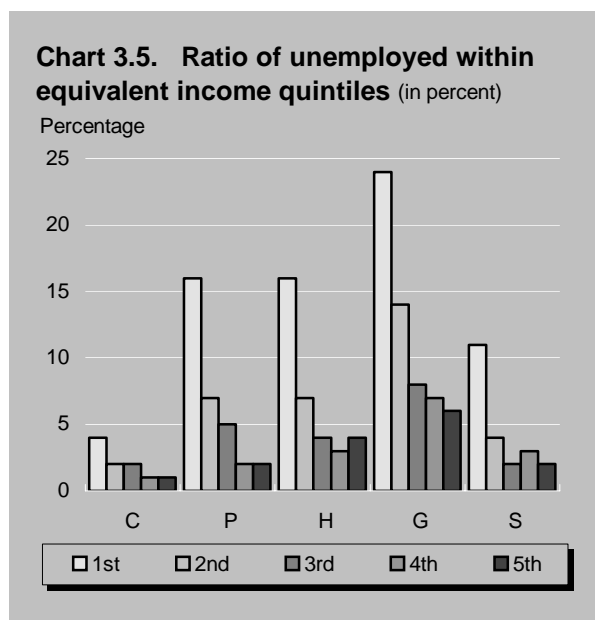
Out of the non-actives, the rate of pensioners is not a cause of extreme poverty in any of the countries. True, the real value of pensions (which was not very high to start with) has decreased in all countries except Germany (where it was raised to the former West German level), leaving pensioners in four countries struggling to make ends meet. But their income is regular, safe and has a floor: the minimum pension. Hence, pensioners are sometimes heavily underrepresented in the lowest and highest income quintiles; they concentrate instead in the second, third and to a lesser extent, fourth income quintiles. In short, pensioners are concentrated in the middle of the income distribution (Table I.7, Chart 3.4).



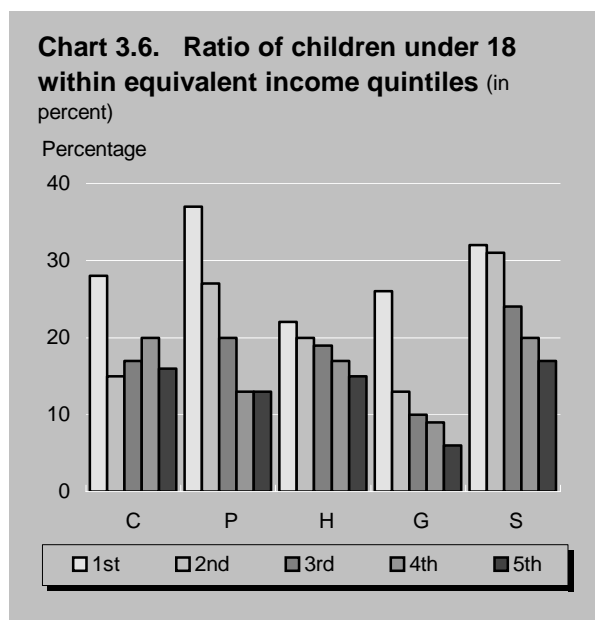
Thus, the existence of extreme poverty is not due to pensioners. The groups that are significantly overrepresented in the lowest income quintile are the unemployed, children and other dependents (mostly non-earner housewives, single parents, elderly people not getting a pension,



handicapped people and unemployed people having given up registering). As for the (self-declared) unemployed, their overall rate in the region is 6 percent, so 6 percent of the whole population is unemployed. This rate is between 4 and 19 percent in the lowest quintile, which is four to six times higher than in the top income quintile. The level of unemployment provision also matters. In Germany, where unemployment benefit is relatively high, widespread and secure, the income level of the unemployed is relatively not as low as in the other countries with miserly unemployment benefits (Table I.8, Chart 3.5).



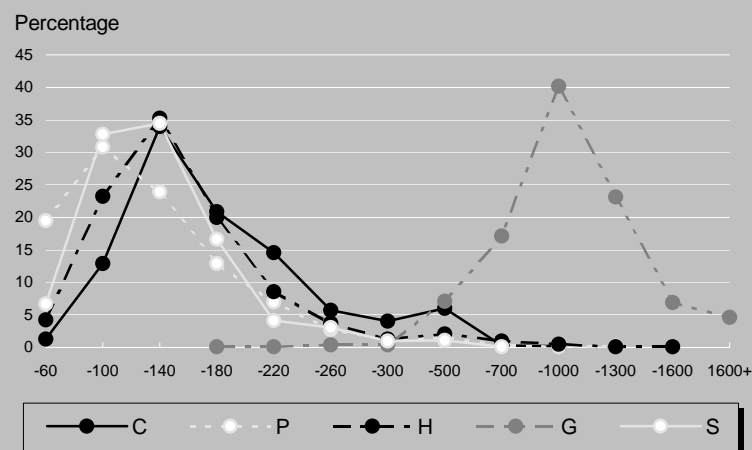
Children in all age-groups are overrepresented in the lowest, underrepresented in the highest income quintile (even in terms of equivalent income). The difference between their rate in the top and bottom income quintiles is somewhat less than in case of the unemployed. The overall rate of dependent children under 15 years of age is around 20 percent -- ranging from 13 percent in "childless" Germany to 22 and 24 percent in Poland and Slovakia. In comparison to these averages, the proportion of children in the lowest quintile is almost 1.5 times higher in the Czech Republic and Poland, over 2 times higher in Germany, with smaller differences in the other countries. Children are underrepresented everywhere in the highest quintile, but particularly so in Poland, Germany and Slovakia. Concentration of child poverty is less conspicuous in Hungary than elsewhere probably because of the relatively generous child benefit system which was still in place at the time of the survey (Table I.9, Chart 3.6).



The other sociological variables -- age, educational level, socio-professional groups, settlement -- all have some impact on the income differentials, but the structural differences between the income groups *are much less conspicuous* than in case of the factors hitherto discussed.

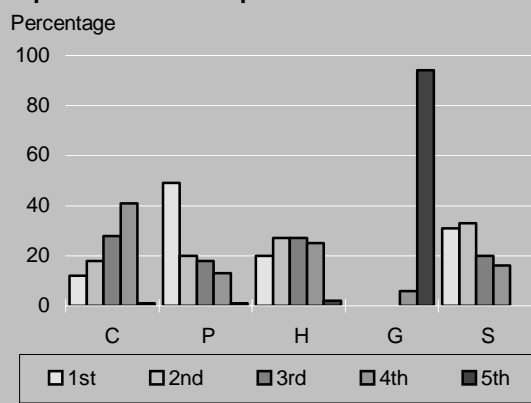
### 3.3. Inter-country comparisons of income distribution

We attempted more direct inter-country comparisons in two ways. One way was to form income groups based on the original incomes (in USD). This grouping shows the more or less skewed character of the income distribution by country. It also shows -- especially if the curves are superimposed in a chart -- the difference in the income level of the countries (Table I.10, Chart 3.7). In fact, the character of the income distribution seems to change. Before the transition, income distribution curves were by and large log-normal (a normal distribution of the logarithms). This was also the case for most developed countries. Apparently (or at least hypothetically, as we are unable to check all the ramifications of this hunch) there is currently a shift at least in Poland and to a lesser extent in the other poorer countries (Slovakia and Hungary) towards a so-called Pareto-curve, with large percentages in the lowest groups and a long right tail. Pareto defined this curve in his time, when the majority of people were in fact almost homogeneously poor. Its reappearance, therefore, indicates a return in time.

**Chart 3.7. Distribution of households by equivalent income groups**

All the above data were based on income distribution indicators constructed individually for each country. Therefore, as a second method of inter-country comparison, we tried to make more direct comparison by computing an overall income distribution for the whole region, and matching countries against this global measure. Because of the peculiar German case, the measure is almost meaningless for Germany: practically all households fall into the highest income groups. This, however, is a fact close to reality, as even the poorest Germans are now better-off than many relatively well-off families in the other countries.

If income distribution and income levels were similar in all the countries, then it would follow that one fifth, that is, 20 percent of the population would fall into each income quintile. Neither of these conditions is fulfilled, as we have already shown. Because the German income level is so much higher than that of other countries, *95 percent of Germans live at an income level that is accessible to only a lucky minority in the other countries*. By contrast, the economic hardships of a large majority in the other countries is unknown in Germany (Table I.11, Chart 3.8). Let us add that this comparison may be particularly distorted because official exchange rates ignore the purchasing power of the local currencies. Calculations in PPP [Purchasing Power parities] would have been more appropriate, but they are not 'perfect' either. (See also Chapter 4 on this problem.)

**Chart 3.8. Income distribution by equivalent income quintiles\*.**

\* using the regional average as the basis for the quintiles.

The differences between the other four countries partly confirm and partly complete from a different perspective the findings already presented. Hungary is closest to the regional distribution: around 20 percent fall into each of the first four quintiles, only the top quintile is strongly underrepresented. The relative scarcity of genuine poverty in the Czech Republic, and the comparatively high ratio of the poor in Poland is more conspicuous on the basis of these data than of any other. In the Czech Republic only half of the average (12 instead of 20 percent) belongs to the lowest quintile, while in Poland the relatively poorest are double the average. Slovakia is worse off than the other countries but better-off than Poland<sup>14</sup> (Table I.11).

### **3.4. Absolute income levels by social categories**

As regression analysis revealed, demographic composition is an important factor of variation in income. The largest households have about half of the per capita income of single people. This difference is affected by the presence of pensioners or whether the head of household is a pensioner. In this last group, families are mostly small (70 percent or more being of one or two members). When the head is active, only around 5 percent are single, another 15 to 20 percent are two-person households. While we emphasized that pensioners were not dejectedly poor, their income situation is far worse than that of the actives. In the case of single people, the income of active earners is about double that of single non-earners, with two exceptions. In Poland the difference is small (the income of the active earners is 30 percent higher than that of the non-actives) because both incomes are low, while in Germany the relatively small difference is probably due to the fact that both pensioners and unemployed are relatively well provided for by earnings-related benefits. Household size makes a difference in both cases (active and non-active head), but the variation due to household size is, with one exception, smaller when the head is not active (Table I.12). The data based on equivalent income show similar tendencies between actives and non-actives, while the differences between smaller and larger households are obviously less conspicuous.

The number of children (a factor related of course to the size of the household, particularly in the case of active heads) produces an almost similar difference in income. This difference is also sizable in the case of equivalent incomes. In Hungary (probably because of relatively high child benefit) and in Germany (for other reasons), the number of children has a less significant impact than in the other three countries. (The multiplier between families with no child and those with three or more children is double in the Czech Republic, Poland and the Slovak Republic, and 1.5-fold in Germany and Hungary.)

The inter-country difference in the impact of educational level and socio-professional activity is strong. This impact is partly a continuation of the past and partly the outcome of new policies. In the Czech Republic, Slovakia and Germany the per capita income in households in which the head is active and belongs to the group with the highest educational or socio-professional level is about 50 percent higher than the income of those having only primary education or unskilled jobs. In Poland and Hungary there are two or three-fold differences between these extremes. A similar pattern is to be found in the instance of towns and villages. Towns in Poland and Hungary (especially the capital) have a much higher income level, a stronger concentration of high-level professionals, and lower unemployment than villages, while the difference between the settlements is smaller in the other countries. In the Czech Republic and Germany the smaller difference is due to more even urbanization, while in Slovakia there is less concentration in the capital of high-level professionals than elsewhere.

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<sup>14</sup> Let us emphasise again that the data refer to December 1994. Things might have changed since particularly in Poland.

### 3.5. Sources of income

It is a well-known fact that in the former regime a family could not easily attain an acceptable standard of living on one income. For a long time the two-earner family (both members of the couple being wage-earners) was the model offered. However, wages were so low that many people looked for other ways -- the household economy, second jobs, and later on pseudo-entrepreneurial ventures -- to complete their income. Also, social redistribution -- mainly social insurance or universal benefits -- has played a major role in assuring subsistence.

The transition in this respect has brought several more or less salutary changes. On the one hand, restructuring has entailed large-scale unemployment and other forms of exit from the labor market in most countries. On the other hand, there are many new opportunities to start a business, whether it be small or large. The income loss has only been partly replaced by new ventures, so that central redistribution still has a very important role. Overall, two changes may be observed by and large everywhere in case of income-generation: 1) the change in the relative weight of earners and dependents; and 2) the ongoing, perhaps increasing combination of several income sources.

The first trend means that the couple comprised of two earners is no longer as predominant as it used to be. The rate of households with no active earner is between 22 percent (Slovakia)<sup>15</sup> and 49 percent (Germany) and with two or more earners between 25 percent (Germany) and 54 percent (Slovakia) (Table I.13).

The low activity rate is due partly to the high number of pensioners (including early retirees) and partly to unemployment. The rate of pensioners, as already stated, is around one-third in the region, with a "low" of 24 percent in Slovakia, a relatively young country (and maybe errors in the sampling), and a "high" of 38 percent in Germany. The regional rate of the unemployed within the whole population is about 6 percent. Pensioners live predominantly in single-person households or with their spouse, few of whom are still active. In the households with children, the activity rate is still high, albeit probably much lower than it used to be in at least three of the countries. Something close to the former activity rate is to be found only in the Czech and Slovak Republics (Table I.14).

With relatively few earners and commonly low wages, families endeavor presumably now more than ever to combine income sources. (See also Chapter 7 on coping strategies.) Thus, among households whose head is active, the majority has more than two *types* of income sources. (If there are two wages or two pensions, this counts as one type of income). And even in inactive households, 35 to 50 percent of the households combine several types of income. (Table I.15).

The opportunities to find different sources of income, or the situations providing a type of income, vary between countries and households. In some countries towns offer better opportunities, but this is not always the case. In villages agricultural income is still often completed by some other source. The chances to multiply income types significantly improve with education, which demonstrates again the divide between those with only primary education and other groups. Pensioners, as shown above, have a limited range of opportunities. Still, 20 to 40 percent of households with a non-active head have -- over and above the pension or the unemployment benefit -- some market income. In over half of those cases there is a wage earner, usually the spouse of the head, and in the other cases there is an attempt to secure some casual income. Active households have a wider variety of choice.

Second jobs are probably more scarce than they used to be (which may be due to high social insurance contributions for regular jobs), while the incidence of business and of casual income is relatively high. Social benefits still play an important role, but their use seems to vary. According to our data (see the lower part of Table I.16), sickness benefit in the Czech and Slovak Republics is more widespread than elsewhere. Since this is the case even in the group of active heads of household, it

<sup>15</sup> This may be also due to defective sampling.

may be used as a means of bridging over short spells of unemployment. In Poland, by contrast, early retirement seems to play a large role in handling long-term unemployment. The low incidence of family allowance in Poland is worth noting, especially in light of the high number of children in the country. (We shall come back to this issue in Chapter 6 on social policy.) (See Table I.17 for active heads of household only.)

However, *the efforts of several earners or the combination of various income sources are only second-best solutions to a good income from one primary job.* More precisely, while there is a significant difference in income between households with no active earner and those with one earner, the addition of a second earner or several earners hardly makes any difference in the *per capita* income, even if the household is of similar size and demographic composition. This is also true for income sources. In most cases extra income sources (whether through social benefits or work-related income) cannot compete with one good market income. *Let us add that if there is just one work-related income, the earner is usually male.* In all the countries the same pattern prevails: both the *per capita* and the equivalent income is consistently lower in groups combining several types of income than in those where there is just one work-related income. (In Table I.17 we present only the example of three countries: the tendency is similar everywhere.) It seems that the multiplication of efforts to remedy income deficiencies caused by no or low wages meets with no substantive success.

### **3.6. Subjective perceptions of the income situation.**

The respondents were asked to situate their family on an income "ladder" (a vertically arranged scale) of seven grades at three different time points, namely three years before the interview, at the time of the interview and three years ahead in the future.

The self-assigned position is related to the real position, but the correspondence is far from perfect. Only part of the income spectrum becomes really "visible" in the self-assigned positions. Respondents are typically attracted by the center, and even in the new, less anti-rich atmosphere most people remain reluctant to declare themselves very rich. However, and this was the objective of this set of questions, the comparison with the past expresses the sense of loss or gain, and the prospective position may tell something about whether people have more or less confidence, or optimism or pessimism, for the future.

In theory the distribution of the self-assigned position could be similar between the countries, because there are rich and poor everywhere. However, the magnitude of relative poverty and relative wealth differs by country. Self-positioning at the time of the survey seems to be influenced by this fact. Thus, significantly less people declare themselves poor in Germany than in any other country, which is in line with the new income position of this country. However, many other factors play a role in the perception of income position. Differences in the demographic or social structure, changes over time, expectations about these changes and cultural patterns all have an influence. For instance, these differences may explain the particular case of Slovakia where self-positioning for the present is more similar to that of the Czech Republic than to any other country despite the difference between them in income level( Table I.18).

With the exception of Slovakia, the means on the subjective scale follow exactly the rank order of the average (per capita or equivalent unit) income, so that the rank order of the countries is also very similar. The inequality of income distribution seems to be quite relevant in defining self-perception. It is worth pointing out that the rank order of some inequality measures, for instance the coefficient of variation, is exactly the same in the case of the mean income and the mean on the income ladder (and the exact reverse of the rank order of the means). Thus, Poland has the greatest dispersion both in incomes and in the self-perception of the income situation. However, as we shall show later, the differentiation of the coefficients of variation is not too significant. (The seven-point scale is a much less sensitive measure than income itself. Table I.19).

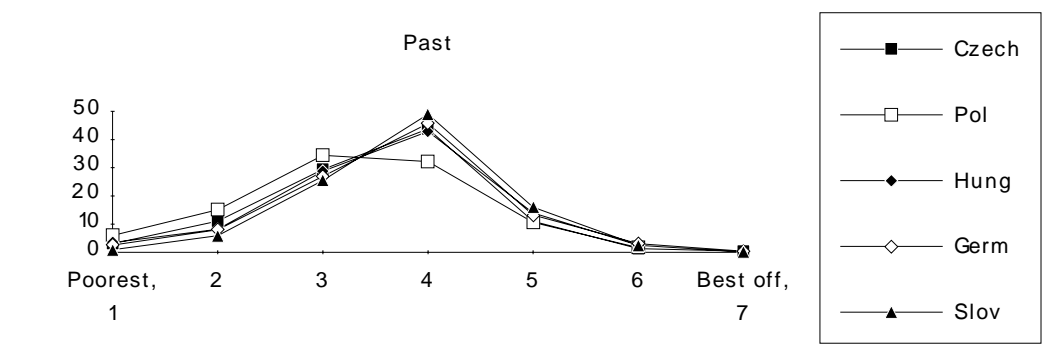
Average real income has probably decreased everywhere with the significant exception of Germany where the filling of the East-West gap occurred (predominantly in the last three years). Yet, the fall may have been different in each country. Also, the countries vary significantly with regard to the extent of perceived loss or gain. The difference between the former and the current average perceived position is the greatest in Hungary, the smallest in the Czech Republic, and on average, practically no loss is recorded in Germany. Since reliable time series on income are missing, there is no way of knowing to what extent the reported decrease corresponds to reality. Improvements may be underestimated -- as is probably the case in Germany -- because of socio- psychological factors. The reverse (underestimation of deterioration) may hold true for Slovakia for the same reasons. On the whole, though, the rates of change may not be very far removed from what really happened. In fact, despite rhetoric about shock therapy, transition has been rather cushioned for the Czechs, and much less so for Poles and Hungarians. If the deterioration in the last three years is not felt to be larger in Poland, this may be due to the fact that the decline of real incomes started much earlier than the transition. Chart 3.9a, describing the distributions by country for the past, emphasizes one more critical aspect: the impressive similarity of the distribution of subjective income positioning between countries, and their nearly normal shape (with the exception of Poland, which thought itself poorer at that time than the others).

There is a large amount of differentiation around the average perceived change. The ratio of those who situate their present position one, two, or sometimes 3 or 4 degrees lower than before is between one-fifth (Germany) and a half of the households (Hungary). The rate of the winners follows a reverse order, but -- with the exception of Germany -- the losers far outnumber the winners. Hungarian data from other sources suggest that this may well be the case in reality (Table I.20). (Charts 9a, b and c presents in one block the three ladders.)

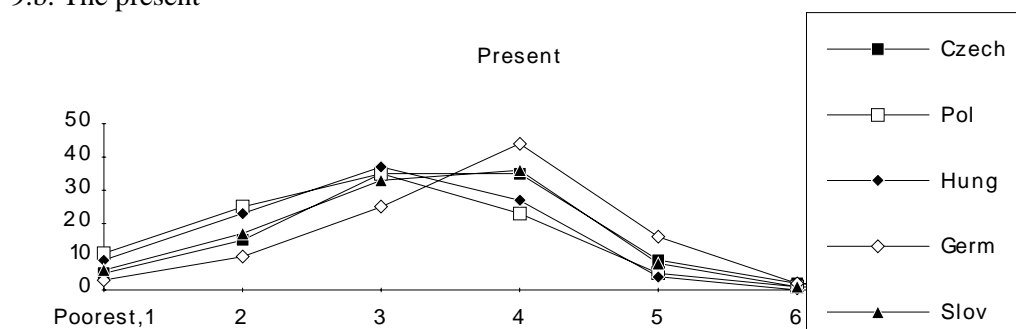
Chart 3.9.

Self-positioning on the three income ladders

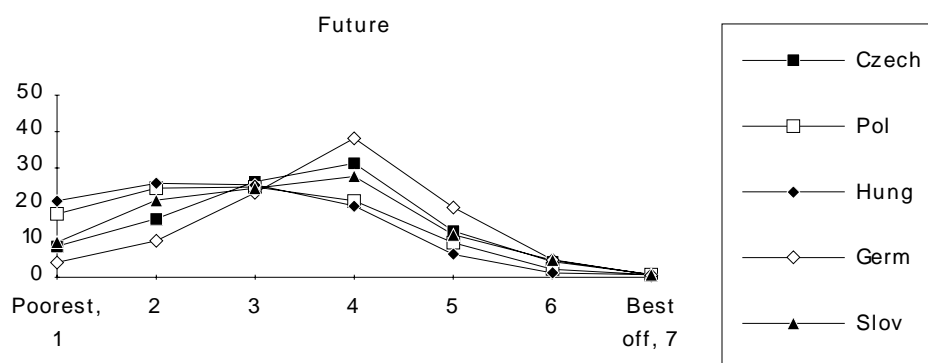
9a. The past (3 years before the interview)



9.b. The present

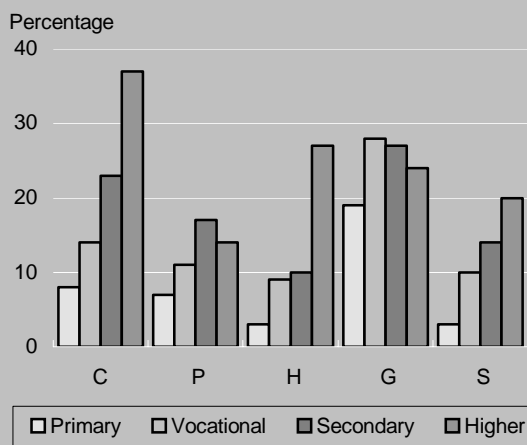


## 9.c. The future



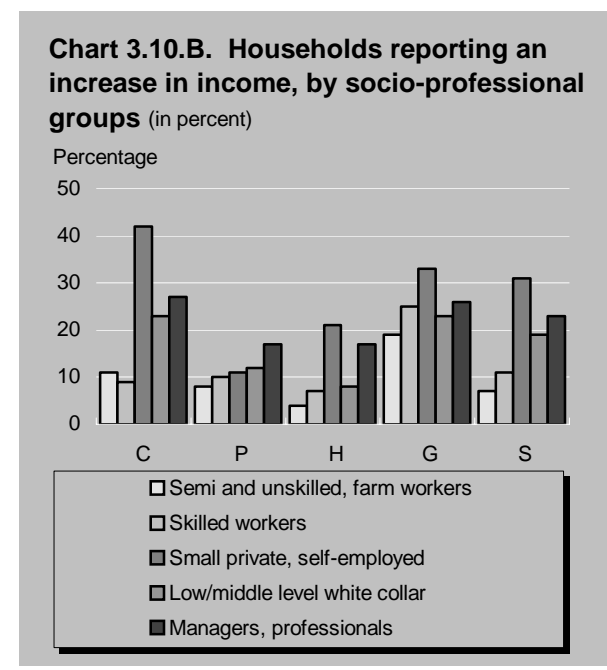
The details about winners and losers confirm with what may be assumed about the consequences of restructuring and unemployment. The big losers in terms of education are the lower educated, including those having gone through vocational training. The big losers in terms of socio-professional groups are agricultural workers, among them members of cooperatives in all the countries, followed very closely by unskilled and skilled workers everywhere except Germany. The main winners in all the countries are small and (if their number is high enough to draw conclusions) large entrepreneurs, followed closely by the upper white collar group (professionals and managers in large firms) (Table I.21, Chart 3.10.a and b).

**Chart 3.10.A. Households reporting an increase in income, by educational level of head of household (in percent)**



\* comparing the level 3 years before and at the time of the survey

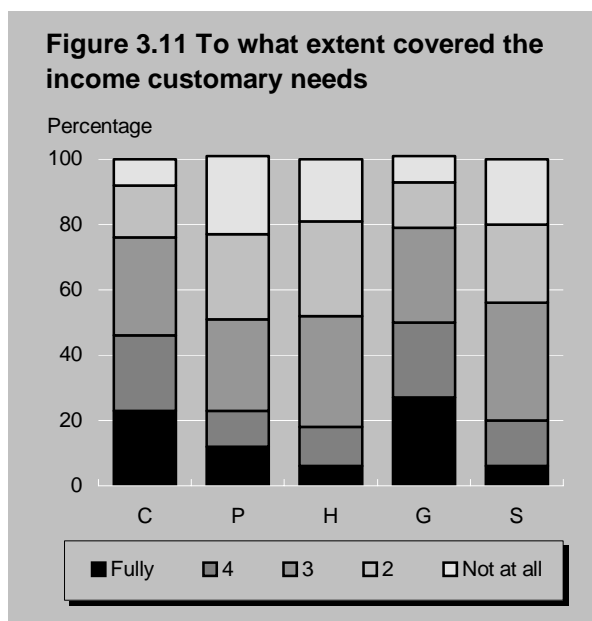




It may be noteworthy that within the groups losing out, only a few record an improvement in their position, while those in the winning groups show a more diversified pattern. Among the best educated and the top socio-professional groups there are still many who perceive their situation as deteriorating. In this sense our data confirm the impression that *the so-called "middle class" is becoming more divided*.

To return to a more general overview of the results, the impressions gained by the self-placement on the income ladder are confirmed by two altogether different questions. After having been asked about the amount of income in November 1994, the interviewees were asked whether this sum was sufficient to cover their customary needs, and if the sum was not fully sufficient, what would be a sum allowing a decent standard of living.

The judgment about the adequacy of income reflects the same pattern as the judgment about the change of income and is consistent with the declared income. In the three poorer or more rapidly impoverishing countries, one-fifth or more of the households think that their resources were not sufficient at all, and another fourth or more still give a grade below the midpoint. And only in Germany and the Czech Republic does a significant minority affirm that its resources are fully sufficient (Table I.22, Chart 3.11).



Satisfaction with income is again differentiated by a number of factors, but income level plays the greatest role. In the three poorer countries about one-fifth of respondents affirm that their income was not sufficient at all, and of those close to 50 percent are in the two lowest categories. In the two other countries this last ratio is under 25 percent. Income level and the degree of coverage of needs are strongly, if not fully, correlated. In the two highest income quintiles deep dissatisfaction is scarce, and the ratio of those fully satisfied is almost the mirror image of lowest quintiles (with 20 to 50 percent fully satisfied).

The amount of the income level that is deemed to be sufficient increases somewhat with the income level, especially in the top decile. However, there is a strong inverse relation between the income level and the ratio of the desired to actual income: the higher the income, the lower the relative difference between the current and the sufficient income (Table I.23). The last row, showing the average difference between existing and desired income, is especially noteworthy. The magnitude follows by and large the income level of the countries, but the gap in Poland is particularly large. The details show that this finding may not be due to any exceptional greed on the part of the better-off, but to the exceptionally low income level of the poor (those in the lowest decile). The level of income they desire is much lower than that of the other deciles and yet is still six times of what they actually have.

### 3.7. Income prospects

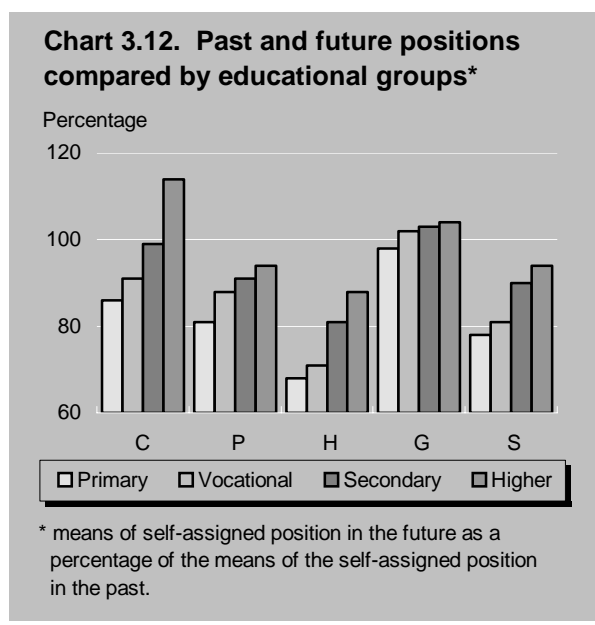
The income ladders produced by the answers relating to the future reveal both fears and hopes. The mean value of the scales relating to the present and to the future is rather similar in each country. (The between-country differences are significant and similar in both cases). However, despite the similarity of the averages the distributions are very different for the present and the future. The proportion of households *both* on the lowest and on the highest grades of the ladder is much higher on the ladder representing the future than on that representing the present. The Germans and to a slightly lesser extent the Czechs feel fairly secure: there is almost no increase in the rates of expected poverty. By contrast, in case of Hungarians and Poles the rate of the subjectively poor (those in the two lowest rungs) which was already high for the present shows a significant further increase (to 47 and 42 per cent). The rate of those hoping to attain the two top rungs is increasing in

all the countries - rich and poor alike ( Table I. 18 and I.24).

If one compares the distributions of self-positioning for the past, the present and the future (see the above tables and also Charts 9a, 9b and 9c), the implication is twofold. On the one hand, the future distributions differ strikingly from the present, and especially from the former (fairly similar), patterns. On the other hand, people expect a further increase in income inequality. This finding is clearly shown by the variation coefficient that is significantly higher for the future than for the past or present in all the countries, but especially for the three worst-off countries. It is only in Germany that people do not expect a significant increase of income inequality (Table I.25).

People do not have sanguine hopes for the future, but neither are they unduly pessimistic. The rate of those who expect further erosion of their living standard follows the same rank order as that produced by the feeling of income decrease in the past, but it is significantly lower. For instance, 21 per cent of Germans registered a decrease between the present and the past, but only 11 per cent expect further deterioration. 53 per cent of the Hungarians reputed pessimists registered a deterioration in the past, but 'only' 38 per cent fear this in the future. Those expecting improvement ranges in the five countries between 13 and 22 per cent - representing always a minority, without a huge difference in the magnitudes ( Table I.26).

A sociologically more elaborate analysis of perceived past and expected future changes (that is, by comparing the self-assigned positions three years before and three years after the time of the survey) reveals a picture that is varied but not fully reassuring. Germany is the only country in which positive change is expected and no major group expects to lose from the position before the transition. In the other countries, although less in the Czech Republic than elsewhere, few groups expect to return to the pre-transition income levels. In all the countries but Germany there is a strong correlation between the educational level and the perception of the change between the past and the future. The least educated group perceives the greatest loss (and even in Germany they feel some loss), and the best educated are the most optimistic - even though in Poland and in Hungary even this group does not hope to regain its former position. (Table I.27, Chart 3.12).



The differences in perceived past and prospective loss or gain show a marked difference also by age or by the activity of the head of household. With the exception of Germany, the gap between the self-positioning of pensioners (households in which the head is pensioner) and others grew somewhat between three years ago and the time of the survey, and the gap is expected to become much wider in the future. It is a realistic assumption on the part of the pensioners that their lot will not

improve. However, the sharp deterioration they prognosticate suggests that they have no great faith in the stability of the pension system and in their own quiet aging (Table I.28).

All in all, people anticipate increasing income inequalities and growing social differentiation. This expectation may be in line with the characteristics of a free market economy, but does not seem to correspond exactly with peoples' desires. There was a question asking for the opinion of the interviewees about the acceptability of the income differentials at the time of the transition and at the time of the interview. The opinion change is enormous. In retrospect, the overwhelming majority (between 65 and 75 per cent) see former income inequalities as acceptable or (particularly in former Czechoslovakia) as too small. By now the huge majority (67 to 90 per cent) consider them to be too large. The proportion sharing this opinion seems to be related to existing inequalities: it is larger in Hungary and Poland than in former Czechoslovakia (Table I.29, Chart 3.13a and b).

Chart 3.13.a.

Opinions about the adequacy of income differentials - in the past  
(Percentage distribution of households)

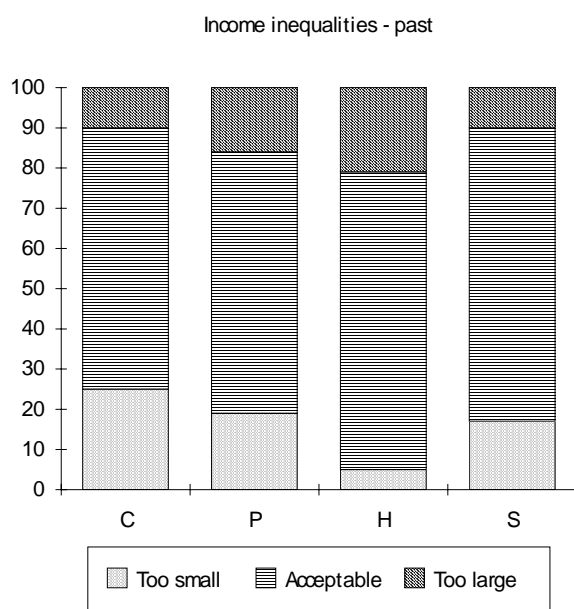
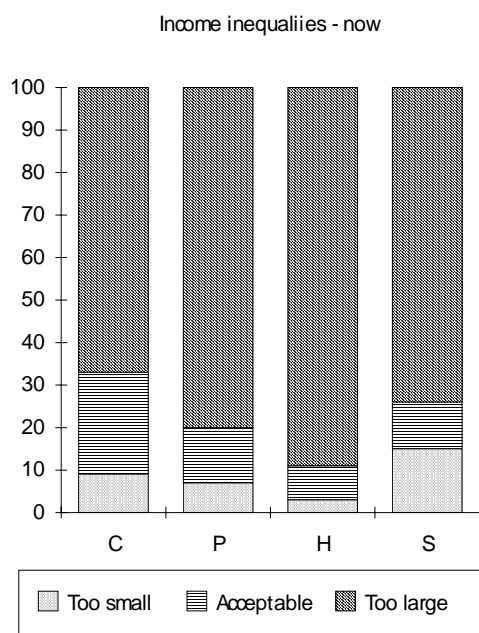


Chart 3.13.b.

Opinions about the adequacy of income differentials - at present  
(Percentage distribution of households)



These opinions vary to some extent according to sociological factors: the best educated or socially elevated groups show in some countries (especially in former Czechoslovakia) slightly more dissatisfaction with former income patterns than they do now. The most significant differentiation was found according to income level and the experienced income change. Those with a higher income, or with increasing income, were less prone to think that current income differentials are too large. Still, the proportion of those who judge current income differentials as too large would not fall under 50 percent in any group.

### **3.8. Income variations: an overview of the factors influencing income differentiation**

An overview of the factors having an impact on income differentiation is offered here using hierarchical regression analysis. We split the factors into three groups, separating socio-demographic hard variables, labor-market related (also hard) variables, and factors connected with the subjective assessment of the income and consumption of the households. (Indeed, the variables intended to depict changing consumption were originally a separate group. Since they added little to the explanatory power of the model, we merged them with subjective assessment. However, more detailed aspects of the static and dynamic indicators will be shown in Chapter 4 on poverty.)

We performed two series of the regression equations. In one case the dependent variable consisted of the individual, ungrouped data of the equivalent income, while in a second series we used the decile grouping of the equivalent income. The second method is less orthodox: instead of the absolute income differentials it tries to explain relative income differentiation. The grouping of the individual data makes the differentiation more marked, and also more similar between the countries (there is always a tenfold difference between the extreme groups). As a consequence, one may expect that the explanatory power of an independent variable -- if it is indeed correlated with income -- will be greater with grouped than with ungrouped data.

The summary results of these analyses are presented in Table I.30 presenting the adjusted R squares for the two series. We mention only some outcomes. It seems for instance that the separation

of the three groups of independent variables made sense, albeit the variables relating to the labor market did not improve the model too significantly. As for the difference between the results yielded on the basis of the ungrouped and the grouped data, the explained part is certainly always larger in the second case. However (with the exception of Slovakia, in case of which some technical error distorted the results) the differences are much greater in case of the hard variables than in case of all the variables taken together. The detailed comparison of the two series showed that there was not much difference in the relative importance (or significance) of the independent variables. We decided then to present detailed results only for the grouped data (Table I.31).

The six socio-demographic variables (size of the household, number of children, settlement, age cohort of the head of household being under or over 60 years, job and educational level of the head of household) explain together 10 to 22 per cent even of the ungrouped data, and significantly more of the grouped data. In both series the number of children proved to be the strongest factor - Hungary excepted. The second strongest factor was usually the educational level of the head of household. As already mentioned, the economic variables did not enhance too much the explained part of the dispersion, but at least one of them was significant in all the countries. Genuinely high  $R$  squares (between 46 and 57 per cent) were obtained only at the next step, when we included in the analysis subjective variables related to the subjective assessment of the income situation and of changing living standards in general. Out of the subjective factors, the most significant of them proved to be in all the countries the variable related to the adequacy of incomes to cover important needs (COVER). This is also the only variable which has a significant explanatory power in all the countries in the complete equation. Otherwise the most important independent variables are the number of children (4 countries), and the size of the settlement (2 countries).

The two first blocks of variables may be considered more as causal factors in determining the income level, the third block represents more probably consequences or corollaries. The difference between these two types of variables is rather significant and seemed worthy to be further pursued. We shall come back to this issue - the difference between objective and subjective variables in explaining the income situation - in Chapter 4.

## **Summary**

With the exception of Germany, income levels have decreased and income inequalities have increased. People anticipate more income differentiation without necessarily approving of this trend.

Over and above the similarities, each country has singular traits. The variation between countries is a result of the inertia of past trends, but it is also an intended or unintended outcome of present politics. The German exception is worth repeated emphasis. The Czechs seem to be more sheltered and more confident of the future than others. Slovakia shows a dual pattern: in some cases it looks as if it is still part of the former union, and in others it is part of the cluster of the poor and increasingly impoverished countries. The Poles are the most threatened by massive impoverishment and have the highest hopes for enrichment from entrepreneurship. The sense of loss and apprehension of the future is strongest in Hungary. On the basis of the evidence presented above, it seems to us that the gloom of Hungarians cannot be explained by so-called national psychological characteristics. It seems to be rooted in facts. In actuality, Hungarians had been the best prepared for the transition both institutionally and in terms of the readiness of civil society to welcome free markets and democracy. Things, though, went sour. Whether this disenchantment is due to the mismanagement of the country, the unusually unrestrained behavior (not to say greed) of the winners, or outside causes (such as excessive foreign debt) is a question that cannot be answered here.

## Tables Chapter 3<sup>16</sup>

Table I.1. Various income measures by country, monthly sums in USD.

	Income per household		Income per capita		Equivalent income		Number (without missing units) of	
	Mean	Rank order	Mean	Rank order	Mean	Rank order	house-holds	persons
Germany	1646	1	726	1	915	1	975	2214
Czech Rep.	344	2	122	2	165	2	915	2583
Hungary	301	3	106	3	144	3	958	2728
Slovakia	280	4	85	4	119	4	941	3121
Poland	261	5	77	5	108	5	1016	3468
Region, average	<b>566</b>		<b>194</b>		<b>254</b>			

Table I.2. Inequality measures relating to individual distribution of household net per capita income. (Income at different percentiles in % of median)

### 2.a. Pre-transition data\*

	Czech Rep., 1988	Poland, 1989	Hungary, 1987	Germany*	Slovakia, 1988
P5	59.7	44.9	52.2	.	58.8
P10	66.9	54.5	61.3	.	66.0
P25	81.2	72.6	76.9	.	81.5
P75	128.8	135.9	13.3	.	125.9
P90	162.5	180.2	172.6	.	157.6
P95	185.7	217.0	208.8	.	179.9
P90/P10	2.43	3.31	2.81	.	2.39
var coef	0.379	0.548	0.504	.	0.376

\* (no data in Atkinson)

<sup>16</sup> Tables I.2 to I.9, I.11 to I.13 and I.17 are based on individual files.

## 2.b. SOCO data for 1994.

	<b>Czech Rep., 1988</b>	<b>Poland, 1989</b>	<b>Hungary, 1987</b>	<b>Germany*</b>	<b>Slovakia, 1988</b>
P5	50.7	24.9	49.5	46.7	52.6
P10	59.5	36.5	56.5	59.8	61.1
P25	77.5	64.3	76.6	77.8	75.3
P75	136.8	142.9	133.3	126.7	132.3
P90	181.8	200.0	172.5	155.9	166.6
P95	227.3	250.0	201.8	181.1	200.0
P90/P10	3.06	5.47	3.05	2.61	2.73
<b>Var coef</b>	<b>0.479</b>	<b>1.130</b>	<b>0.736</b>	<b>0.509</b>	<b>0.571</b>

**Source:** Compiled from Atkinson, A.B. and John Micklewright, *Economic Transformation in Eastern Europe and the Distribution of Income* (Cambridge: Cambridge Univ. Press, 1992)

Table I.3. Multiplier between the highest and the lowest income deciles and quintiles

<b>Highest/lowest income quantiles</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Income deciles, based on equivalent income <sup>17</sup>	5.3	<b>13.3</b>	<b>6.2</b>	4.5	4.4
Income deciles, based on per capita income	5.1	<b>14.9</b>	<b>6.7</b>	5.0	5.1
Income quintiles, based on per capita income	3.6	<b>7.4</b>	<b>4.3</b>	3.5	3.5

<sup>17</sup> Equivalent income takes into account the economies related to household size. There are different ways of computing equivalence scales (see for instance Atkinson and Micklewright, pp. 204-206). In the SOCO survey, we used the accepted OECD scale, assigning 1.0 to the first person, 0.7 to the second person, and 0.5 to others



Table I.4. Per capita income and equivalent income in income quintiles.

<b>a. Per capita income in USD (INCMEMBD) in quintiles based on per capita income</b>					
<b>Quintile</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Lowest, 1st	63	26	52	381	45
2nd	95	55	78	598	65
3rd	117	77	98	749	83
4th	145	101	123	909	103
Highest, 5th	227	193	221	1350	158
<i>Country, total</i>	122	77	106	726	85

<b>b. Equivalent income in USD (INCUNITD) in quintiles based on equivalent income</b>					
<b>Quintile</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Lowest, 1st	85	31	68	476	63
2nd	121	66	102	705	88
3rd	147	93	126	866	108
4th	188	122	154	1030	132
Highest, 5th	290	227	269	1500	203
<i>Country, total</i>	165	108	144	915	119

Table 1.5. Multiplier between the means in consecutive income quintiles (based on equivalent income)

<b>Multiplier, between:</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Second per first quintile	<b>1.4</b>	<b>2.1</b>	<b>1.5</b>	<b>1.5</b>	<b>1.4</b>
Third per second quintile	1.2	1.4	1.2	1.2	1.2
Fourth per third quintile	1.3	1.3	1.2	1.2	1.2
Fifth per fourth quintile	<b>1.5</b>	<b>1.9</b>	<b>1.8</b>	<b>1.5</b>	<b>1.5</b>

\*The trend is similar in the case of other income indicators

Table I.6. Percentage of active earners among the whole population within equivalent income quintiles.

Quintiles	Czech Rep.	Poland	Hungary	Germany	Slovakia
Lowest, 1st	37	22	24	28	31
2nd	34	26	28	28	37
3rd	40	29	36	32	39
4th	55	39	44	33	49
Highest, 5th	67	44	53	53	62
<i>Country, total</i>	<i>46</i>	<i>33</i>	<i>37</i>	<i>35</i>	<i>44</i>

Table I.7. Percentage of pensioners among the whole population within equivalent income quintiles

Quintiles	Czech Rep.	Poland	Hungary	Germany	Slovakia
Lowest, 1st	18	13	20	9	14
2nd	35	19	32	32	15
3rd	28	28	30	34	25
4th	15	27	26	36	18
Highest, 5th	8	26	19	18	8
<i>Country, total</i>	<i>21</i>	<i>23</i>	<i>25</i>	<i>26</i>	<i>16</i>

Table I.8. Percentage of unemployed among the whole population within equivalent income quintiles

Quintiles	Czech Rep.	Poland	Hungary	Germany	Slovakia
Lowest, 1st	4	13	18	19	11
2nd	2	10	8	15	6
3rd	3	6	5	8	2
4th	1	4	4	8	3
Highest, 5th	0	2	3	7	3
<i>Country, total</i>	2	7	8	11	5

Table I.9. Percentage ratio of children under 15 among the whole population within equivalent income quintiles

Quintiles	Czech Rep.	Poland	Hungary	Germany	Slovakia
Lowest, 1st	28	30	25	40	26
2nd	22	26	21	19	26
3rd	20	20	23	21	17
4th	16	13	15	11	17
Highest, 5th	15	11	16	9	13
<i>Country, total</i>	20	22	19	16	24

Table I.10. Percentage distribution of households by income groups (based on equivalent income in USD [INCGR])

Income group in USD	Czech Rep.	Poland	Hungary	Germany	Slovakia
60 and under	1	20	4		7
61-100	13	30	23		33
101-140	34	24	34		34
141-180	21	13	20	0.1	17
181-220	15	7	9	0.1	4
221-260	6	3	4	0.4	3
261-300	4	1	1	0.4	1
301-500	6	2	2	7.1	1
501-700	0	0	1	17.1	0
701-1000	0	0	1	40.2	
1001-1300		0	0	23.1	
1301-1600			0	6.9	
1601 and over				4.6	
<i>Country, total</i>	<i>100</i>	<i>100</i>	<i>100.</i>	<i>100.0</i>	<i>100</i>

Table I.11. Percentage distribution of population among income quintiles based on the regional average of equivalent income.

Quintiles	Czech Rep.	Poland	Hungary	Germany	Slovakia	<i>Total, region, HH members</i>
Lowest, 1st	11.7	48.5	20.3	0	31.2	<i>24.9</i>
2nd	17.9	19.8	26.5	0	32.6	<i>20.5</i>
3rd	28.3	18.2	26.6	0.1	19.7	<i>19.2</i>
4th	41.0	12.7	25.0	6.4	16.3	<i>20.0</i>
Highest, 5th	1.1	0.8	1.6	93.5	0.2	<i>15.4</i>
<i>Total</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>
Total, n (members)	2583	3470	2728	2214	3121	<i>14116</i>

Table I.12. Per capita income in smallest and largest households, by activity of head of household

Per capita income and multiplier	Czech Rep.	Poland	Hungary	Germany	Slovakia
All households					
Single person	147	120	150	952	126
5 and more	91	56	86	579	64
Multiplier, 1/5 and more	1.61	2.15	1.74	1.64	1.97
Head of household active earner					
Single person	227	145	287	1175	187
5 and more	93	61	94	619	66
Multiplier, 1/5 and more	2.44	2.38	3.05	1.90	2.83
Head of household not active (pensioner, unemployed, etc.)					
Single person	128	111	119	877	98
5 and more	80	34	66	*	56
Multiplier, 1/5 and more	1.60	3.26	1.80	*	1.75

Table I.13. Percentage distribution of households according to the number of active earners.

Country	0	1	2 and more	Total, country
active earners				
Czech Rep.	30	20	50	100
Poland	31	31	38	100
Hungary	38	24	38	100
Germany	49	25	26	100
Slovakia	22	24	54	100

Table I.14. Percentage distribution of households composed of couples and children under secondary school age according to the number of active earners.

<b>Country</b>	<b>0</b>	<b>1</b>	<b>2 and more</b>	<b>Country, total</b>
	active earners			
Czech Rep.	3	15	82	100
Poland	11	31	58	100
Hungary	27	7	66	100
Germany	26	12	62	100
Slovakia	19	3	78	100

Table I.15. Percentage distribution of households according to the number of income types by the activity of the head of household.

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>	<b>Region, average</b>
Head of HH, active						
1 source	12	25	19	30	17	20
2 sources	36	41	43	40	45	41
3 sources	30	25	26	23	25	26
4 and more sources	22	10	12	7	12	13
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Head of HH, not active						
1 source	54	62	56	64	47	57
2 sources	24	27	31	28	30	28
3 and more sources	22	12	14	8	23	15
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table I.16. Incidence of various types of income in the households of active heads (% of households with given income)

Incidence of various types of income	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Wage income	94	78	90	89	95	89
Business income	16	36	17	14	15	20
Second job	9	2	7	8	5	6
Casual income	27	13	14	5	18	16
Other income	6	6	14	12	4	8
<i>Any market income</i>	<i>99</i>	<i>98</i>	<i>98</i>	<i>96</i>	<i>99</i>	<i>98</i>
Sickness benefit	29	8	12	9	18	16
Pension	13	45	22	8	15	21
Family (child/maternity) benefits	66	25	45	45	60	48
Unemployment benefit	4	10	7	21	5	9
Social assistance	7	5	8	2	4	5
<i>Any social income</i>	<i>81</i>	<i>64</i>	<i>65</i>	<i>55</i>	<i>73</i>	<i>68</i>

Table I.17. Per capita income in USD according to number of earners and of income sources in selected countries

No. of earners	Number of income sources			Total*
	1	2	3 and more	
Czech Rep.				
Group, total	131	136	126	130
Out of it:				
0 earner	117	130	104	118
1 earner	214	136	128	140
2 earners	156	140	127	134
Hungary				
Group, total	120	113	111	115
Out of it:				
0 earner	111	99	77	105
1 earner	185	115	109	124
2 earners	121	123	121	122
Germany				
Group, total	888	760	614	793
Out of it:				
0 earner	837	721	540	784
1 earner	1050	804	570	790
2 earners	1005	787	719	832

\* Totals in this table may differ from grand totals (Table I.4) because of missing data in these breakdowns



Table I.18. Percentage distribution of the households according to their self-assigned position on the income ladder 3 years before, and at the time of the interview

Position on the income ladder	Czech Rep.	Poland	Hungary	Germany	Slovakia
3 years before the interview					
Poorest, 1	3	6	4	3	0
2	11	15	8	8	6
3	29	34	29	27	26
4	44	32	43	46	49
5	11	11	14	13	16
6	1	2	3	3	3
Best off, 7	0	0	0	0	0
Total	100	100	100	100	100
Mean score	3.54	3.31	3.63	3.68	3.81
At the time of the interview					
Poorest, 1	5	11	9	3	6
2	15	25	23	10	17
3	35	35	37	25	33
4	35	23	27	44	36
5	9	5	4	16	8
6	2	1	0	2	1
Best off, 7	0	0		0	
Total	100	100	100	100	100
Mean score	3.33	2.87	2.93	3.68	3.27

Table I.19. Rank order of objective and subjective income position and variation coefficients thereof

COUNTRY	Means of self-assigned position, at time of survey	Rank order of means	Rank order of var. coeff	Rank order of means	Rank order of var. coeff
of the positions on the ladder at time of survey			for income per head		
Germany	3.68	1	5	1	5
Czech Rep.	3.33	2	4	2	4
Slovakia	3.27	3	3	4	3
Hungary	2.93	4	2	3	2
Poland	2.87	5	1	5	1

Table I.20. Perceived change of income situation

Country	Change of the perceived income situation between 3 years ago and "now", in %				Means of the perceived situation		
	Decrease	No change	Increase	Total	3 years ago	"Now"	3 years ago = 100
Czech Rep.	31	51	18	100	3.54	3.33	94%
Poland	42	47	11	100	3.31	2.87	87%
Hungary	53	38	9	100	3.63	2.93	81%
Germany	21	54	25	100	3.69	3.68	99%
Slovakia	48	40	12	100	3.81	3.27	86%

Table I.21. Perceived change of the income situation by some characteristics of the household

	Czech Rep.	Poland	Hungary	Germany	Slovakia
% reporting income increase by educational level					
Primary	8	7	3	19	3
Vocational	14	11	9	28	10
Secondary	23	17	10	27	14
Higher	37	14	21	27	20
<i>Total</i>	<i>18</i>	<i>11</i>	<i>9</i>	<i>25</i>	<i>12</i>
n	179	117	83	270	115
Sign. level	***	*	***	*	***
% reporting income increase by socio-professional group					
Semi/unskilled, farm worker	11	8	4	19	7
Skilled worker	9	10	7	25	11
Small private, self employed	42	11	21	33	31
Low-middle white collar	23	12	8	23	19
High level manager, prof.	27	17	17	26	23
<i>Total</i>	<i>19</i>	<i>11</i>	<i>9</i>	<i>25</i>	<i>16</i>
n	173	111	79	229	108
Sign. level	***	**	***	NS	***

Table I.22. Percentage distribution of households according to the degree of need coverage

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Not at all, 1	8	24	19	8	20
2	16	26	29	14	24
3	30	28	34	29	36
4	23	11	12	23	14
Fully, 5	23	12	6	27	6
<i>Total</i>	<i>100</i>	<i>101</i>	<i>100</i>	<i>101</i>	<i>100</i>

Table I.23. The relation between sufficient and existing income The multiplier between the adequate and the existing income in per capita income quintiles

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Lowest quintile, 1	2.0	6.4	2.7	1.8	2.3
2	1.6	2.4	2.1	1.5	1.9
3	1.8	2.0	1.8	1.4	1.8
4	1.6	1.8	1.7	1.3	1.7
Highest quintile, 5	1.6	1.5	1.6	1.4	1.6
<i>Country, total</i>	<i>1.7</i>	<i>3.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.9</i>

Table I.24. Percentage distribution of the households according to their self-assigned position on the income ladder representing the future (3 years after the interview)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Poorest, 1	9	17	21	4	10
2	16	25	26	10	21
3	26	25	25	23	25
4	31	21	20	38	28
5	13	10	6	19	12
6	4	2	1	5	5
Wealthiest, 7	1	1	1	1	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<i>Mean</i>	<i>3.39</i>	<i>2.90</i>	<i>2.71</i>	<i>3.75</i>	<i>3.28</i>

Table I.25. Variation coefficients of the positions on the three income ladders

Country	Var coef 3 years ago	Var coef now	Var coef in 3 years from now
Czech Rep.	0.28	0.32	0.38
Poland	0.33	0.38	0.47
Hungary	0.28	0.34	0.48
Germany	0.27	0.28	0.31
Slovakia	0.24	0.32	0.41

Table I.26. The distribution of the households according to anticipated change in the income position (Change of the perceived income situation between "now" and in 3 years from now)

Country	Decrease	No change	Increase	Total
Czech Rep.	18	65	17	100
Poland	23	55	22	100
Hungary	38	49	13	100
Germany	10	75	15	100
Slovakia	28	50	22	100

Table I.27. Past and future positions compared by educational group (Means of self-assigned position in the past and in the future. Only heads of household under 60)

Level of education	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Average scores for past (3 years ago)</b>					
Primary and less	3.1	3.2	3.4	3.4	3.6
Vocational	3.6	3.3	3.8	3.7	3.8
Secondary	3.7	3.5	3.8	3.8	3.9
Higher	3.6	3.8	3.9	4.0	3.8
Total	3.6	3.4	3.7	3.7	3.8
<b>Average scores for future (in 3 years)</b>					
Primary and less	2.8	2.6	2.2	3.2	2.8
Vocational	3.4	2.9	2.7	3.8	3.1
Secondary	3.8	3.2	3.1	3.9	3.6
Higher	4.2	3.6	3.5	4.1	3.8
Total	3.6	3.0	2.8	3.8	3.4
<b>Future /Past</b>					
Primary and less	90	81	65	94	78
Vocational	94	88	71	103	82
Secondary	103	91	82	103	92
Higher	117	95	90	103	100
Total	100	88	76	103	89

Table I.28. The self-positioning of heads of household on the three income ladders according to whether they were pensioners or not at the time of the survey (Means)

	3 years ago	Now	3 years from now	3 years ago	Now	3 years from now
	Mean score			Non pensioner =100		
Czech Republic						
pensioner	3.4	3.0	2.9	94%	86%	78%
not pens	3.6	3.5	3.7	100%	100%	100%
Poland						
pensioner	3.1	2.7	2.5	91%	93%	81%
not pens	3.4	2.9	3.1	100%	100%	100%
Hungary						
pensioner	3.5	2.8	2.4	95%	93%	83%
not pens	3.7	3.0	2.9	100%	100%	100%
Germany						
pensioner	3.7	3.7	3.7	100%	100%	97%
not pens	3.7	3.7	3.8	100%	100%	100%
Slovakia						
pensioner	3.8	3.0	2.8	100%	88%	82%
not pens	3.8	3.4	3.4	100%	100%	100%

Table I.29. Percentage distribution of households according to their opinion about the adequacy of income inequalities

	Czech Rep.	Poland	Hungary	Germany*	Slovakia
Income differentials 5 years ago					
Too small	25	19	5		17
Acceptable	65	65	74		73
Too large	10	16	21		10
	100	100	100		100
Income differentials now					
Too small	9	7	3		15
Acceptable	24	13	8		11
Too large	67	80	89		74
	100	100	100		100

\* Because of a translation error, German data cannot be used.

Table I.30. Adjusted R squares summarized, obtained with hierarchically built linear regression, with equivalent income as dependent variable, ungrouped and grouped in deciles

	Social and demographic variables (6 variables)	Economic activity added (6 + 3 variables)	Subjective and attitudinal variables added (6+3+6 variables)
Individual (ungrouped) income data			
Czech Rep.	22.3	32.0	50.2
Poland	10.1	13.3	41.9
Hungary	16.5	20.5	43.2
Germany	11.1	16.3	47.4
Slovakia	10.0	11.2	13.1*
Income deciles, grouped data			
Czech Rep.	25.9	32.7	52.2
Poland	30.8	36.0	57.2
Hungary	28.2	35.0	53.1
Germany	18.9	25.5	50.8
Slovakia	26.3	27.8	45.8*

\*AGECOH2 defective, dropped

Table I.31. Factors explaining, or associated with, income differentiation (Hierarchically built linear regression, with equivalent income decile as dependent variable, based on household files)

**1. Czech Republic**

	Socio-demographic factors		Economic activity		Subjective assessment of changing standards	
	Explained variance in % (Adj.R square)					
	25.9		32.7		52.2	
	Beta	Sig T	Beta	Sig T	Beta	Sig T
UPTO18	-0.46	0.000	-0.45	0.000	-0.42	0.000
AGECOH2	-0.27	0.000	-0.07	0.100	0.03	0.597
JOBSPSH1	0.19	0.000	0.17	0.000	0.06	0.331
SETTLE	-0.05	0.095	-0.03	0.356	-0.09	0.094
EDUC1S4G	0.18	0.000	0.12	0.001	0.18	0.010
MEMBER	0.17	0.000	0.07	0.157	0.08	0.342
UNEMP			-0.09	0.002	-0.02	0.645
VENTYES			0.15	0.000	0.03	0.526
ACTIVX			0.31	0.000	0.13	0.046
NUTR					-0.02	0.701
COSTCOM					-0.06	0.339
PAYBAKC					-0.04	0.541
COVER					0.30	0.000
MAKEEND2					0.11	0.137
WEALTHY2					0.15	0.035

In all tables: **bold** figures p< 0.001



## 2. Poland

	Socio-demographic factors		Economic activity		Subjective assessment of changing standards	
	Explained variance in % (Adj.R square)					
	30.8		36.0		57.2	
	Beta	Sig T	Beta	Sig T	Beta	Sig T
UPTO18	-0.37	0.000	-0.39	0.000	-0.31	0.000
AGECOH2	0.04	0.275	0.09	0.017	-0.04	0.363
JOBSPSH1	0.15	0.000	0.10	0.001	0.09	0.073
SETTLE	-0.17	0.000	-0.17	0.000	-0.18	0.000
EDUC1S4G	0.21	0.000	0.18	0.000	0.06	0.238
MEMBER	-0.03	0.578	-0.01	0.789	0.00	0.985
UNEMP			-0.17	0.000	-0.09	0.054
VENTYES			0.06	0.036	-0.05	0.235
ACTIVX			0.15	0.000	0.01	0.922
NUTR					0.03	0.580
COSTCOM					0.01	0.755
PAYBAKC					0.00	0.960
COVER					0.42	0.000
MAKEEND2					0.09	0.163
WEALTHY2					0.02	0.704

### 3. Hungary

	Socio-demographic factors		Economic activity		Subjective assessment of changing standards	
	Explained variance in % (Adj.R square)					
	28.2		35.0		53.1	
	Beta	Sig T	Beta	Sig T	Beta	Sig T
UPTO18	-0.25	0.000	-0.26	0.000	-0.24	0.000
AGECOH2	-0.02	0.653	0.05	0.217	-0.05	0.291
JOBSPSH1	0.11	0.003	0.08	0.022	0.00	0.978
SETTLE	-0.21	0.000	-0.20	0.000	-0.19	0.000
EDUC1S4G	0.34	0.000	0.30	0.000	0.21	0.000
MEMBER	0.11	0.025	0.08	0.110	0.09	0.169
UNEMP			-0.20	0.000	-0.19	0.000
VENTYES			0.02	0.491	-0.02	0.599
ACTIVX			0.20	0.000	0.04	0.421
NUTR					-0.01	0.827
COSTCOM					-0.03	0.447
PAYBAKC					0.00	0.930
COVER					0.42	0.000
MAKEEND2					0.07	0.150
WEALTHY2					0.02	0.704

## 4. Germany

	Socio-demographic factors		Economic activity		Subjective assessment of changing standards	
	Explained variance in % (Adj.R square)					
	18.9		25.5		50.8	
	Beta	Sig T	Beta	Sig T	Beta	Sig T
UPTO18	<b>-0.39</b>	<b>0.000</b>	<b>-0.38</b>	<b>0.000</b>	<b>-0.20</b>	<b>0.058</b>
AGECOH2	0.00	0.936	0.07	0.144	-0.09	0.209
JOBSPSH1	<b>0.17</b>	<b>0.000</b>	<b>0.13</b>	<b>0.000</b>	0.11	0.056
SETTLE	-0.07	0.032	-0.06	0.038	0.06	0.272
EDUC1S4G	<b>0.22</b>	<b>0.000</b>	<b>0.18</b>	<b>0.000</b>	0.13	0.030
MEMBER	0.06	0.317	0.01	0.811	-0.11	0.320
UNEMP			<b>-0.18</b>	<b>0.000</b>	-0.05	0.373
VENTYES			0.00	0.939	-0.06	0.290
ACTIVX			<b>0.21</b>	<b>0.000</b>	-0.04	0.644
NUTR					-0.01	0.840
COSTCOM					0.01	0.923
PAYBAKC					0.19	0.003
COVER					<b>0.38</b>	<b>0.000</b>
IMAKEEND2					0.02	0.855
WEALTHY2					0.11	0.113

## 5. Slovakia

	Socio-demographic factors		Economic activity		Subjective assessment of changing standards	
	Explained variance in % (Adj.R square)					
	26.3		27.7		45.8	
	Beta	Sig T	Beta	Sig T	Beta	Sig T
UPTO18	<b>-0.41</b>	<b>0.000</b>	<b>-0.45</b>	<b>0.000</b>	<b>-0.30</b>	<b>0.000</b>
AGECOH2	0.00	0.896	-0.02	0.596	*	*
JOBSPSH1	0.09	0.035	0.09	0.030	0.14	0.017
SETTLE	-0.04	0.315	-0.03	0.332	-0.11	0.027
EDUC1S4G	<b>0.22</b>	<b>0.000</b>	<b>0.21</b>	<b>0.000</b>	0.04	0.507
MEMBER	0.01	0.796	0.07	0.172	0.04	0.540
UNEMP			-0.14	0.000	-0.04	0.387
VENTYES			-0.01	0.807	-0.08	0.097
ACTIVX			-0.02	0.568	-0.01	0.872
NUTR					0.00	0.967
COSTCOM					0.03	0.558
PAYBAKC					0.08	0.106
COVER					<b>0.36</b>	<b>0.000</b>
MAKEEND2					-0.05	0.402
WEALTHY2					<b>0.23</b>	<b>0.000</b>

AGECOH2 defective, dropped

Variables used in the equation in Table I.30 and 31:

UPTO18:	Number of children in the household
AGECOH2	Head of household under-over 60
JOBSPSH1	Occupation of head of household, 5 socio-professional groups
SETTLE	Type of settlement
EDUC1S4G	Educational level of head of household, compressed, 4 groups
MEMBER	Size of household
UNEMP	Is any member of household unemployed (Dummy)
VENTYES	Private venture now (Dummy)
ACTIVX	Number of active earners in household
NUTR	Nutrition worse, same, better
COSTCOM	Coverage of housing costs - more difficult, same, less difficult
PAYBAKC	How sure is the family to pay back contracted debts?
COVER	The degree of need coverage
MAKEEND2	Ease of making ends meet 'now';
WEALTHY2	Self-assigned position on income ladder 'now'

## Methodological notes

### The quality of income data

Income data collection always presents major difficulties. The difficulties are particularly large in transition countries for a number of reasons, many of which affect cross-country comparability of incomes. Underreporting is probably ubiquitous in income surveys so that the level and the dispersion of incomes as represented by the SOCO survey is lower and less than in reality. However, the degree of underreporting may not be identical in all the countries.

One difficulty is caused by differences in survey culture. The countries may vary in the responsiveness of the citizens to survey questions. Over and above the refusal rates (see the fieldwork documentation), it may well be that Germans accept survey questionnaires and answer interview questions in a more disciplined way than Hungarians or Slovaks. The tax system and its enforcement may also have an impact, but we are unable to measure it.

A second problem is due to the varying role played by the gray and black economies. The informal economy is probably most prevalent in countries with high (registered and unregistered) unemployment and low unemployment provisions, such as Poland, Hungary and Slovakia. While the registered unemployment rate is the highest in Germany, we assume that the hidden economy is less prominent there. This feature may be due partly to better unemployment benefits, and partly to the transmission of a more efficient administrative structure from former West Germany, better suited to cope with market-related developments.

At the same time, though, the income distribution in former East Germany is significantly less unequal than elsewhere. If this finding is not due to systematic under-recording, then there are at least three reasons at play: 1) the provisions for the new poor seem to be better; 2) the biggest winners (for example, from privatization) may not live in the eastern part of the country; and 3) the "inheritance" effect. Of the countries surveyed here, income inequalities under state socialism were the smallest in East Germany and Czechoslovakia. This trend still prevails.

A particular problem arose in connection with income from entrepreneurship. Non-declaration of income is particularly characteristic of new private ventures. It therefore came as a surprise that one household interviewed in Poland, a new and confident entrepreneur, declared an income about 500-times higher than the average. While this figure may be absolutely true, it completely distorted cross-country comparability due to the small sample-size and because the case did not have a counterpart in any other country. Therefore, we took the liberty in the analysis (but not in the tables of the Appendix) of replacing this unique declaration with the next highest income in Poland -- also belonging to a new entrepreneur. (This second-choice income is also much higher than the maximum in any other country, with the exception of Germany.) Hence, income inequality in Poland is the greatest owing to these "outliers."

Cross-country comparability was further affected by conversion to USD, which was unavoidable. Income data registered originally in the national currencies could not have been compared otherwise. For this purpose the official US dollar rates in December 1994 were used. After the conversion, German incomes appeared to be extremely high relative to the other countries. More elaborate analysis is needed to ascertain whether real incomes in East Germany (where formerly the income level was of the same order of magnitude as in the other better-off countries of the block) did indeed increase by a factor of six or eight, or whether the conversion rate has a somewhat different meaning here as elsewhere (being artificially high elsewhere and artificially low in Germany). While the income gap between Germany and the other countries certainly exists, the six to eight-fold difference is probably exaggerated so as to render some comparisons dubious.

## Chapter 4

### Poverty

*Zsuzsa Ferge*

Poverty has many aspects and interpretations. For sake of space, we will not enter into a debate about definitions of poverty: whether it should be seen as absolute or relative, as objective or subjective, as one or multidimensional, and so forth. Whatever definition is used, it is incontestable that (some form of) poverty has always existed in Central and Eastern Europe, even when the central power zealously denied it, and that many forms of poverty have increased since the transition. The new and old poor face new conditions. In order to gauge how they adjust, we devote a chapter to the coping strategies of the poor, that is, how they try to seize new opportunities and deal with mostly new adversities.

In this chapter we shall discuss the following questions:

- How do the countries differ in terms of the level and dynamics of poverty?
- Who are the poor, and what are their sociological characteristics?
- Why do they feel poor -- on the basis of objective or subjective indicators of poverty?

#### **4.1. Measurement of poverty**

Many attempts have already been made to portray the magnitude of increasing poverty in the transition countries. That poverty has increased is indisputable, but its extent and depth are uncertain. The magnitude of poverty varies significantly depending on the measure one chooses and on the statistics one uses. In the following pages we deal mainly with income poverty, although a more complex approach to poverty is increasingly gaining acceptance in the European Union. In this different approach poverty is conceptualized as deprivation in many walks of life from education through social life to employment, and is seen "as a process leading from vulnerability to exclusion through precariousness or insecurity" (Brunhes, 1995 p.10.). In fact, the EU has created a special observatory "on national policies to combat exclusion," which has already published several annual reports.

But even in the case of income poverty, dilemmas abound. Results, especially in cross-national perspective, vary a great deal depending on the use of the so-called absolute or relative methods. In the first method, a fixed subsistence level is applied to all the countries involved. A relatively recent example is offered by the influential work of B. Milanovic (1994, 1996) on the transition economies. Milanovic applies one threshold -- USD 120 per month per capita -- to all the countries, defining as poor those who live under this threshold<sup>18</sup>. He arrives at the conclusion that even excluding the regions in war, the number of poor people has increased by 50 million between 1989 and 1993, climbing from 8 to 58 million (1994). The result is staggering and seems to be convincing at first glance. However, when countries are inspected separately, the outcome is rather surprising and at odds with other

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<sup>18</sup> These thresholds are pragmatic and rather arbitrary. In the later work (Milanovic 1996) 120 Dollars per capita per month is applied to some of the observed countries (mostly to the Central and Eastern European countries) and 18 dollars per capita per month to another group of countries farther East.

information. In fact, according to this study, the rate of poverty has increased in Poland and in the Balkans from 5 percent to 17 percent, and in the Baltic states from 1 percent to 30 percent. The increase was far more significant further East and South (Milanovic 1996). In Central Europe (Poland excepted), the situation is presented as rather reassuring: in the Czech and Slovak Republics and in Hungary taken together, the rate of poverty changed from 0.5 to 1 percent. Out of all Central European countries besides Poland, Hungary is presented as being in the worst position with a 2 percent poverty rate (Milanovic, 1994 and 1996).

This method -- the application of the same yardstick to different countries -- certainly makes us aware that Central Europe is better situated than Eastern Europe. The method is misleading, though, in its depiction of the "real" scope of poverty. If we apply the same method to countries a bit farther west (the scientific basis of comparing Hungary to Austria is certainly not weaker than comparing Tadjikistan with the Czech Republic), it can easily be demonstrated that poverty has been eradicated all over Western Europe and the United States. This finding does not seem to be in line with known facts that underpin local research and social policy practice in these western countries. In the USA the poverty line, and the threshold of social assistance, is six times higher than the average per capita income in India, and those living under the poverty line are often in deep poverty (Atkinson, 1993). The method is also biased because of the use of official exchange rates causes a twofold problem<sup>19</sup>.

UNICEF, for example, has published other estimates about increasing poverty in Central Europe. According to its calculations based on a percentage line drawn below the average wage, poverty has increased between 1989 and 1992 from 4 to 25 percent in the Czech Republic, from 25 to 44 percent in Poland, from 15 to 19 percent in Hungary (until only 1990), and from 6 to 34 percent in Slovakia (UNICEF, 1994, p.2). Obviously. these data are also debatable.

In truth, poverty can be interpreted only in a relative way. Even then, there are several "absolute" and several "relative" measures, with a somewhat blurred demarcation line. A so-called absolute measure usually means a basket of goods based on scientifically defined nutrition standards and other assumptions about minimal needs. The sum of the price of these goods is, at least in theory, a sort of subsistence level. But the objectivity and unambiguity of the measure is, however, only illusory, as the inclusion of each item in the basket might be debated at length. "Relative" measures may mean those living under 50, 67, 75 or x percent of the mean or median income, those belonging to the lowest income decile or quintile, and so forth, and the income in question might be the household income, per capita income, or any equivalence scale.

The difference between absolute and relative approaches used to be an ideologically loaded issue: those in favor of a relative measure were accused of identifying poverty with inequality. There is now a solidifying consensus, though, that this debate has become sterile.

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<sup>19</sup> The official conversion rates are only slightly related to the purchasing power of the local currency. USD 100 per month may assure survival in Kazakhstan or Tanzania, but it may mean very serious hardship in Hungary and starvation in Paris. The use of so-called PPP, a conversion rate that presumably takes into account the differences in the relative prices of everyday necessities, solves the problem only very partially because of the differentiated structuring of needs. To highlight the difficulty just by one example: in a not very urbanized society one has private or public wells to obtain water, which then comes free. In highly developed industrial societies water is becoming a more and more expensive good, straining the budget of the poor in a hitherto unknown way. Thus "water poverty" has emerged as a new and disturbing phenomenon, meaning that water supply is cut off if one cannot pay for it (Huby, 1995). This problem of the changing structure of needs because of alterations of the conditions of everyday life is not yet solved in the calculation of comparative conversion rates.



*To accept that poverty is relative is not to equate poverty with inequality but rather to acknowledge that needs -- the only basis for a poverty standard -- are defined and determined in a social context. (Saunders, p. 21, quoted in Eardley, et al., p. 13. )*

In the following pages, relative measures will be used predominantly, without deciding which one of them is the "best" instrument. At the same time, we have already shown in Chapter 3 the rate of those living under USD 60 or 100 per month (Table I. 10). According to these data, in four out of five countries the percentage of those living under 50 percent of the median was around 5 percent in 1994 and of those living under 67 percent of the median was around 15 percent. The exception is Poland, with much higher poverty rates, 16 and 24 percent, respectively (see Table 4.1 inserted in text).

Table 4.1.

The rate of the population living under 50 or 67% of the median of the equivalent income.

Percentage of the population living under	Czech Rep	Poland	Hungary	Germany	Slovakia	Region, average
under 67% of median	14	24	16	16	16	15
under 50% of median	3	16	4	5	4	6

Sometimes the lowest decile or quintile will be used as poverty measures, and a great deal of attention will also be devoted to subjective measures of poverty, usually neglected in comparative research.

## **4.2. Inter-country variations in poverty**

The five countries studied here have always had different economic levels. This difference has affected not only income and consumption, but also the infrastructure of everyday life, including the quality of housing, amenities, and so on. A brief overview of some of the components of the quality of life may give a framework to the following, more detailed analysis of poverty.

### **a. The assets of the poor**

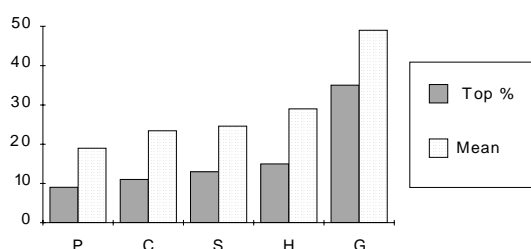
Our data do not allow us to talk about the "wealth" of families. We certainly tried to map this aspect of their living standard, but only partially. And the answers are probably more unreliable than those given to most other questions. We restrict ourselves, then, to some aspects of ownership and living or housing conditions (Table P.1, Chart 4.1 and many tables elsewhere in the volume).

As far as relative well-being is concerned, one of the main indicators is the value of what households own (how much they would get by selling everything). Table P.1 presents the whole distribution. Chart 4.1 shows only the top of the distribution, the ratio of those households who have over USD 50,000. This rank order among the countries follows by and large the order encountered in case of income measures, with one exception. The rank order is Germany, Hungary, Czech Republic, Slovakia and Poland, which means that Hungary comes

before the Czech Republic. If one looks not only at the top, but at the whole distribution, or the total average value of assets, one gets almost the same rank order. (The means are a very crude measurement in this case. We took the midpoints of the categories and calculated the average on this basis. This crude indicator shows only tendencies.) Taking, then, the average of the value of the households' assets, the sum is USD 49,000 in the Germany, USD 29,000 in Hungary, USD 23,000 and USD 24,000 in the Czech and Slovak Republics, and USD 19,000 in Poland. (The difference between the Czech and Slovak Republics is not significant.)

Chart 4.1.

Total declared wealth: percentage of households having over USD 50,000, and mean of assets in thousand dollars, in rank order of increasing wealth of the countries



Over and above the uncertainty of data, there may be two reasons for this change of country order between income and assets. Overall inequalities are greater now in Hungary than elsewhere, and this may affect not only income, but also assets. The way ownership of homes changed may also play a role. Indeed, the privatization of housing has gone farthest in Hungary, as shown by Table P.1 and Chart 4.2. Of course, one has to take into account the level of urbanization. Home ownership has always been significantly higher in the countryside. In fact, in most countries village dwellers continued to own their own family cottages even under state socialism. The ratio of village dwellers differs, though, with the level of urbanization, affecting the overall ownership ratio. But in Hungary private home ownership has also reached 80 percent in towns, as against 30 to 50 percent in other countries. The majority of Hungarian urban housing stock, which was either nationalized in the late 1940s, or to a much larger extent built in the 1970s and 1980s, has been sold, mostly to those living in the flat. If the flat was a good one (and bought at a low price), the assets of the household suddenly increased.

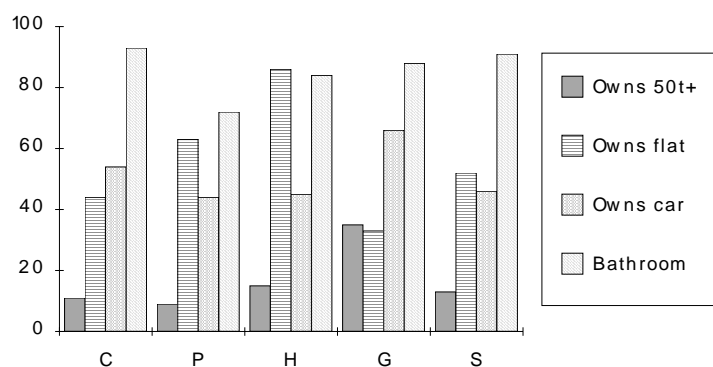
The next item about housing conditions (facilities in the home) stopped being a well-being indicator sharply discriminating between countries. The 40 years of state socialism succeeded to a great extent in closing the "civilization" gap between east and west: the large majority of households now have an inside toilet, a bathroom, and most bathrooms have hot water. The main exception is found in villages in Poland and, to a lesser extent, in Hungary. We do not want to imply that towns are free from problems: 3 to 15 percent of homes even in towns may not have an indoor toilet, and a large proportion of these are inhabited by those in the lowest educational or income groups. Also, the quality of the flats may still be inferior to the west, housing density may be higher, and so forth. But regardless, improvement in this area is undeniable.

The ownership of other assets follows closely the income trend, with Germany and the Czech Republic heading the list. As the bottom part of Table P.1a and Table P.1b show, there are some cases when the between-county differences are no more significant because the need is (almost) saturated. This is the case with refrigerators and to some extent with colored TV-s. (According to statistical surveys, the ownership ratio of traditional washing machines and

black-and-white TV-s is close to 100% everywhere). In case of more expensive devices the inter-country differences, and the east-west 'civilization gap' in this respect are more significant. The two 'clusters' observed in case of incomes - former East Germany in one cluster, the others in another - appear also in case of household amenities. (This is particularly visible on the basis of the distribution of households according to the number of amenities owned, HASNUMC). However, unlike incomes, the two best-provided countries among the four poorer ones are the Czech Republic and Slovakia. (This may be due to the relatively low price and good quality of labor-saving household devices in pre-transition Czechoslovakia.). Based also on Table 1.a, it may be seen that Germany and Poland have evinced the greatest changes in car ownership since the transition. Significantly more new cars are recorded than elsewhere. Let us add that, since car maintenance costs went up steeply, quite a few families (4 to 7 percent) gave up car ownership. The difference between countries in giving up car ownership is not too significant, but the highest rate, 7 percent, is to be found also in Hungary -- another sign of growing inequality.

Chart 4.2.

Ratio of households owning various assets



### b. The dynamic aspects of poverty

All in all, the above described conditions and the income data confirm a former finding of the World Bank (1996). Namely, while poverty always existed under 'state socialism', it was more shallow than in most other - developing or developed - countries. This means that the majority even of the poor had some assets and maybe also some reserves. This fact, together with the rapid changes in income previously discussed, may help to understand slightly better some new attitudes relative to the new difficulties.

Poverty in the former system had different forms and causes. There was everywhere an -- admittedly small -- group of unemployed and marginalized people who had no social rights at all. Cultural poverty, that is, low education and low skills was the lot of a more sizable group consisting partly of the Gypsy minority in Hungary and Czechoslovakia, and partly of the children of the most deprived strata before World War II. "Sponsored mobility"<sup>20</sup> never fully succeeded. This practice was widespread under Stalinism and was later gradually abandoned. But even during its heyday the most underprivileged never profited from it. The culturally poor had been almost always forced to accept undesirable and low paying jobs. In Poland and

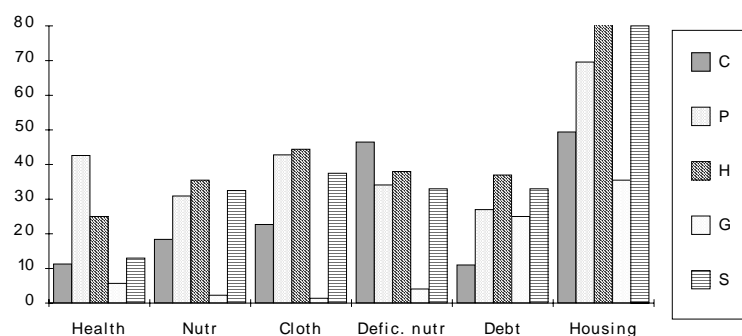
<sup>20</sup> Sponsored mobility means that the schooling of underprivileged groups is supported usually by the state by measures of positive discrimination.

Hungary housing difficulties, such as poor housing conditions and the extreme difficulty of obtaining a flat, were and have remained a problem, one that is perpetually linked to poverty. However, with generously subsidized prices of basic needs (housing, food, transport, energy, medication) the housing costs could be met by almost everybody without major difficulties. In other words, large-scale undernourishment, possibly starvation, and the fear of eviction due to inability to maintain the flat either disappeared or was significantly reduced.

After the transition problems connected with unemployment, decreasing real income and the withdrawal of subsidies have accumulated and grown in scale. We tried to map changes concerning most elementary needs like nutrition, housing, and so on. Table P.2 presents the distribution of households according to some of these indicators, while Chart 4.3 shows only the ratio of those who are having problems, arranged in the order of the regional mean ratio of those experiencing these difficulties. Chart 4.3 then portrays the ratio of households having the following problems:

- Health: Have more difficulties than five years ago in meeting health costs
- Nutrition: Nutrition is worse than five years ago
- Clothing: Clothing is worse than five years ago
- Deficient nutrition: There are insufficiencies in nutrition
- Debt: Have difficulties in paying back debts
- Housing: Have more difficulties in meeting housing costs than five years ago<sup>21</sup>.

Chart 4.3.  
Dynamic indicators of poverty



The rank order of the magnitudes of the problems is not exactly the same in each country. For instance, for some reason not yet clear, "deficient nutrition" seems to be a relatively more important problem in the Czech Republic than elsewhere (as compared to their other problems), and the uncertainty about the ability to pay back debts is a relatively smaller concern for Hungarians compared to their other worries. Still, the rank order of countries is rather similar for each item, with Hungary often in the worst position, and Germany almost always in the best. (See Table 4. 2 inserted in the text).

Table 4.2.  
The rank order of countries according to the frequency of the occurrence of various problems

<sup>21</sup> The German questionnaire had a translation error. Housing costs were translated as costs for maintenance and repair. We opted, though, to include also this item in the analysis as a proxy for housing costs.

	More difficulty paying for health	Worse nutri- tion	Worse clothing	Deficient nutrition	Unsure about ability to pay back debt	More difficulty with housing costs
Country where the problem is the most frequent	P	H	H	C	H	H
2nd	H	S	P	P=H=S	S	S
3rd	S	P	S	P=H=S	P	P
4th	C	C	C	P=H=S	G	C
Country where the problem is least frequent	G	G	G	G	C	G

The majority of the above questions refers to the dynamics of the transition, since people were asked if they experience more or less difficulty with a condition. It is almost always in Hungary where deterioration is felt to be the worst (health costs in Poland being the exception). For the one question that asks about a state of affairs -- whether nutrition is deficient or not -- Hungary does not come out as having the worst situation. This finding seems to strengthen our impression that people are able to discern between phenomena.

### 4.3. Who are the poor?

The answer to this question is almost obvious: the unskilled and uneducated, those who are rejected by the market, those living in economically declining areas, those having many children, single elderly on a low pension, and so forth. In this section we shall show in what ways our data fit the known patterns as far as "hard" sociological variables are concerned. (In order to find significant differentiating factors, we formulated some sociological hypotheses, and ran several multivariate tests.) Our findings do not contradict previous information. We present them in order to highlight country differences as well as the varying impact of objective and subjective poverty.

We have to mention at the start, though, that we could not check the role of one factor that seems to have always held a significant "risk" of poverty and the strength of which is in all likelihood increasing. This factor is whether one belongs to an ethnic minority, particularly the Roma minority in some countries, and foreigner or immigrant minorities in others. The discrepancy between known facts (such as the ratio and the situation of the Roma minority in Hungary and Slovakia, and also in the Czech Republic) and our registered data is conspicuous. While we know from other sources that there is a 5 to 7 percent Roma minority in Hungary, which experiences around 70 to 80 percent unemployment and is at very high risk of poverty, this minority is absent from our sample. Whether they were altogether missed, or whether they simply did not answer the delicate question about belonging to a minority, we just do not know. Their absence is conspicuous, though, and is a serious limitation on our analysis of poverty. Since none of our other data are at odds with information from other sources, we hope that serious distortion is limited to this particular problem.

The other factor whose impact we tried to check was gender. The feminization of poverty is an increasingly important problem in many countries. For various reasons the issue is not conspicuously present in the data on the countries under scrutiny. The equivalent income of men and women is very close in most countries, whether they are active earners, pensioners, unemployed or an adult dependent. This outcome may be due to the previous high activity rate of women and the relatively easy access to pensions, and also to the fact that in the majority of cases men and women are in the same household, pooling their income. (On the basis of our data checking the income of individuals is impossible.) The only sign of the feminization of poverty is connected to single parenthood. As shown in Table P. 9 and at several other places in the volume single parents are always significantly overrepresented among the poor, the more so in Germany.

One of our hypotheses concerning the organization of poverty was that social origin has an impact on transcending generations. This assumption has been confirmed by many earlier findings. In the current analysis, when we are focusing only on income, this relationship is overshadowed in multivariate analyses by other, correlated or intervening variables, thus it does not appear among the significant factors. However, if looked upon separately, there is almost always a visible and statistically significant relationship between social origin and poverty. (It is known that historico-logical or socio-logical relationships are often invisible in mechanical multivariate analyses. Path-analysis could have helped to unravel this indirect connection, but it was not attempted at this point.)

The impact of intergenerational transmission is stronger sometimes with the subjective poverty indicator, sometimes with the objective one. Since space does not allow us to show all possible variants, we present only some data about the relationship between the social position of the father of the head of household and the current situation. Table P.3 presents the distribution of households within the lowest and the highest income quintiles according to the father's educational group. Table P.4 displays the relationship between subjective poverty and the socio-professional group of the father (of the head of household) by means of the ratios of subjectively poor and non-poor within the socio-professional groups. It is worth repeating (even if the issue was touched on in Chapter 1) that the father's social position plays also a relatively important role in determining the attitudes towards the transition. As Table P.5 reveals in more detail than presented before, in most countries these attitudes differ significantly according to the father's social position. It simply cannot be pure chance that in all the countries descendants of semi- and unskilled workers are with a much higher than average probability likely to feel they are losers, while those with an upper-class background disproportionately feel that they are winners<sup>22</sup>. Further analysis is needed to examine whether these relationships are due to the transmission of cultural capital or to political orientation influenced by some sort of class consciousness. The last hypothesis is weakened by the finding already presented regarding the weak correlation between political orientation and social origin, but there may be other relationships worth exploring.

In summary, the transmission of advantages and disadvantages is always at work and is contributing to current poverty or wealth. We do not know yet, though, whether intergenerational transmission will become stronger or weaker than it used to be during state socialism. Since this tendency had prevailed under conditions of so-called sponsored mobility, the new conditions will, almost certainly, reinforce it.

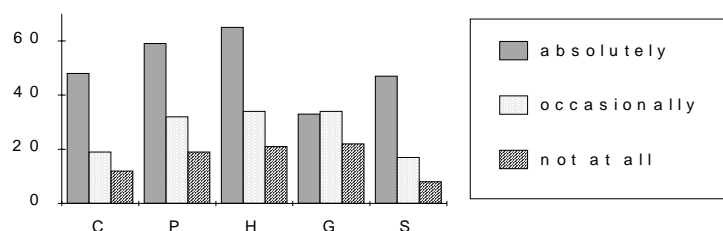
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<sup>22</sup> In this case winners and losers are defined by means of a cluster variable combining three different aspects of the changes: the change in the subjectively assessed income level (WEAL12), the change in the perceived social position (SOCPOS34), and the evaluation of the regime change (REGIME). We made the same run also by the variable WINLOS, the simpler definition of winners and losers.

We do not want to dwell too long on the obvious relationship between poverty and education or jobs. Both education and jobs are of extreme importance, with jobs perhaps playing a somewhat stronger role in producing objective poverty, and education in producing subjective poverty. The structuring of both jobs and education suggests that the process of marginalization at the bottom can already be detected. In most cases the variations are not gradual, but there is a break between the group of unskilled workers (Table P.6 ) and the rest, or between the lowest educational group and the rest (Table P.7, Chart 4.4).

Chart 4.4.

Ratio of heads of household with primary education or less within the groups of subjective poverty



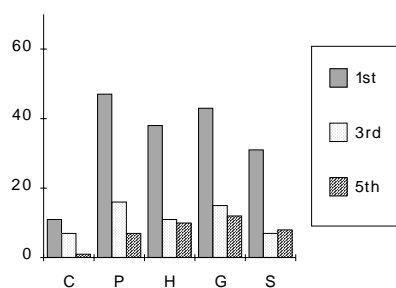
From another perspective, the figures show that among the subjectively poor the ratio of those with the lowest educational level (primary education or less) is between 33 and 65 percent. The low figure pertains to Germany. However there also those with vocational training are highly overrepresented within the poor, so that the rate of these two groups amount to 77 percent, close to the ratio in other countries. These same ratios may be two, three, four or more times less in the groups that do not consider themselves poor (Table P.7).

The connection between unemployment and subjective poverty is also very marked. It is difficult to decide whether its impact is stronger on objective or subjective poverty, but it is always significant (Table P. 8, Chart 4.5). In countries where subjective poverty is far below 20 percent (Germany, Slovakia, the Czech Republic), it would be easily understandable if unemployment were more closely connected with subjective poverty. However, this happens only in Germany, where the majority of the subjectively poor are unemployed. In the other two countries the relationship is less marked.

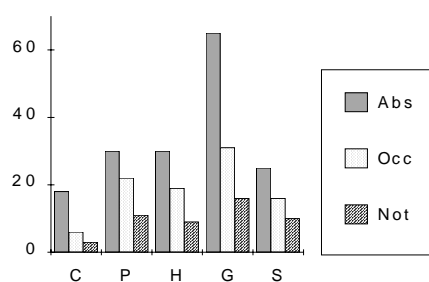
Chart 4.5.

The % ratio of households with unemployed

a. in the 1st, 3rd and 5th income quintile



b. In subjectively defined groups of poverty



The degree of urbanization used to be extremely important in shaping both life opportunities and risks of poverty. We have already observed that the importance of this factor has faded away in the last decades in the countries under scrutiny, with a major exception, Poland, and a minor exception, Hungary. The reasons for this change (which took decades) must be analyzed separately. It suffices to note that the former impression is reinforced by the data about poverty. Only in Poland and Hungary is the ratio of village dwellers in the lowest income quintile significantly different from the average ratio (31 or 30 percent instead of 20 percent). The same ratio of subjectively poor among village dwellers is identical to the average ratio in all the countries, with a slight overrepresentation of the poor in villages in Poland. This difference is much less marked than in the case of the lowest income quintile. The average ratio and the ratio of village dwellers among the poor are, respectively, 9 and 9 percent in the Czech Republic, 18 and 21 percent in Poland, 17 and 18 percent in Hungary, 5 and 5 percent in Germany, and 5 and 4 percent in Slovakia. (It has to be iterated that the categories of settlement in Germany are not comparable to others; a distinction was made only between the capital and other localities.) This finding strengthens the argument presented hereafter that the reference group is of great importance in the subjective feeling of poverty.

As for demographic factors, other chapters (Chapter 2 and Chapter 6) show how the presence of children affects family income, and how pensioners fare as compared to other groups. By focusing only on the groups of objective and subjective poverty, it was revealed that the demographic groups most at risk of having low income are, almost invariably, couples with three or more children and single parents (Table P.9). They also feel subjectively poorer than others, even though this difference is much less marked. Families with many children are strongly overrepresented among the subjectively poor only in Hungary, and to a lesser extent in the three other poorer countries, while in Germany they are slightly underrepresented. In case of single parents the pattern is somewhat different: Hungarians do not consider this objective problem as subjectively relevant, while in the other countries subjective feelings correspond to the objective income situation. It may be added at this point that the poverty of single parents (usually single mothers) is probably the single most dramatic issue connected to poverty in former East Germany (as also shown by the country study on Germany). In case of subjective poverty, a new group enters the scene -- single persons. In each country their objective income situation is not particularly bad: their rate is not higher than average in the lowest income quintile, or may be even lower. However, they are overrepresented almost two times among the subjectively poor. The reasons are to be found partly in the composition of this group: unemployed and elderly people are disproportionately represented among them. This suggests that the objective income situation is rendered psychologically more difficult because of loneliness or hopelessness. As for the differentiated impact of children on objective and subjective poverty, we shall presently return to it.

In the case of pensioners it is a recurring observation all over Europe that, because of the development of social security, the relative position of the elderly has improved radically since the 1950s (Hudson, 1995). In Chapter 6 it is shown in detail that this finding applies also to the transition countries, although important between-country variations exist. Focusing only on the worst-off groups, this finding is reinforced, with one addition. Households headed by pensioners, and also households where the only income source is a pension, are never overrepresented in the lowest income quintile. Even in Poland and Germany, as our other data suggested, their frequency is half or less in the bottom quintile (7 instead of 20 percent in Poland, because others fare much worse; and 10 instead of 20 percent in Germany, because pensions are high). However, with the exception of Germany, they are (by one and a half to two times) overrepresented among the subjectively poor. The elderly who identify themselves



as subjectively poor are usually single and hence probably lonely, and also (but at this point we could not check this assumption) they are likely to be among the eldest and most sick. There are a few factors, however, that for obvious political reasons were not among the structuring factors of poverty under the former system, such as ownership or entrepreneurship. The role of private ownership has begun to have a noticeable impact. Although the accuracy and reliability of our data on this point may also be questioned, it is still clear that wealth differentiation is increasing. The average value of the assets (taking everything together) of the poor is around USD 10,000, and that of those who do not consider themselves poor is between USD 20,000 and 50,000. The difference between the two groups is at least threefold in each country (Table P.10, Chart 4.6). The same difference is to be found in the distribution of wealth: those having less than USD 3,000 are three to ten times overrepresented among the poor.

The other important new factor is private entrepreneurship. Its differentiating impact is already very clear. Having an enterprise may already separate the top group from the rest (Table P.11, Chart 4.7) with two exceptions. Apparently private ventures are slow to develop in the eastern part of Germany, probably because of the role of western capital. In Slovakia the process is slowed down for reasons already mentioned.

Chart 4.6.

Average wealth of households  
in self-defined groups of poverty  
(thousand USD)

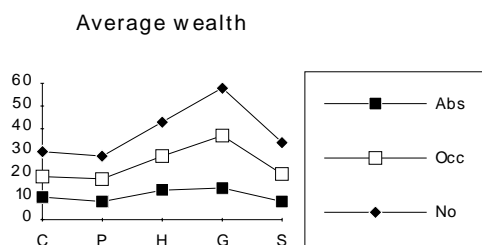
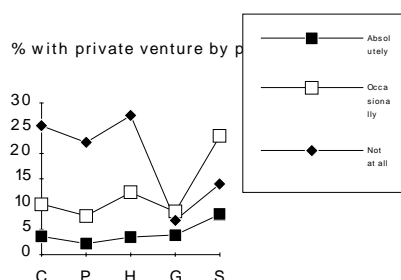


Chart 4.7.

Ratio of households having a  
private venture in self-defined  
groups of poverty



To sum up, socially underprivileged groups are largely overrepresented and socially higher placed groups are vastly underrepresented among the objectively or subjectively poor. Some factors that in former times (particularly in the pre-war era) were extremely important in putting people at risk of poverty, such as social origin, age or locality have lost at least partly their sharp edge in the last decades. Other factors, particularly those that influence one's chances in a free labor market, have come to the fore in their stead. These factors (education, training, and the family's cultural and other capital) did not lose their structuring force even in the last decades. It is just that their impact was curbed under the artificial conditions of full employment, regulated (compressed) wages and sponsored mobility.

By comparing the impact of "hard" explanatory variables on subjective and objective poverty, the overall impression is that they explain more in the case of objective than of subjective poverty. In order to better understand the mechanisms at work there, a more extensive multivariate analysis will be done in an effort to identify factors of differentiation other than "hard" demographic or sociological facts.

The problem of discerning between "objective" and "subjective" poverty is a concern that appears throughout the chapter. One of the major outcomes of this study is that there is a consistent difference between objective income poverty and the subjective feeling of poverty. The fact itself has been known, of course, but the scope and the causes of this divergence are not well researched. This investigation starts with and is limited to the available data. It is hoped, however, that interest in this phenomenon will increase, since it may have far-reaching consequences in both politics and social policy.

#### **4.4. Objective and subjective poverty - the statistical connection.**

"Objective" poverty may be defined as a lack or low level of current income, housing, assets, consumption, marketable skills, power, social prestige, of other important social resources or "capital," or by any combination of these. Subjective poverty refers to people's subjective assessment of their situation.

The first conclusion from our data is that objective and subjective poverty (whichever definition we use for these concepts) are related, but not too strongly. This topic is often discussed but seldom measured, hence the present data may add something to existing knowledge (Table P. 12.). The correlation coefficient is usually the lowest if total household income is used. It seems, then, that total income is much less relevant for feelings of poverty than income indicators that take into account household size (per capita income). The

relationship is even stronger if the economy related to household size (measured by equivalent income, or in other words, income per consumption unit) is also taken into account<sup>23</sup>.

The "not too strong" correlation between objective and subjective poverty can be portrayed in different ways. The ratio of households who feel themselves absolutely, occasionally or never poor varies significantly by country. This ratio is certainly related to the income level of the country, but not too strongly. Out of the two poorest countries on the basis of the mean income level (see Chapter 3) -- Poland and Slovakia -- the ratio of subjectively poor is almost 20 percent in Poland and only 5 percent in Slovakia. Even the ratio of the "occasionally poor" is very close in these two countries. The Czech Republic and Germany, the most successful countries income-wise, have low subjective poverty rates. Meanwhile, the ratio of the subjectively poor in Hungary is as high as in Poland, despite a superior income situation. In short, the Slovaks feel less poor than they could on the basis of their income, and the Hungarians feel worse than apparently warranted by the objective situation.

The comparison of Chart 4.8.a. and 8.b. as well as Table P.13 and P.14 clearly illuminates this discrepancy. For the sake of this comparison we use the income groups based on absolute categories (see Table I.10 in Chapter 3) rather than on quintiles. In the case of quintiles, the lowest income group comprises always (by definition) 10, 20, and so on percent. In the case of income categories based on absolute income level, the ratio of those falling below a defined level varies with the income level of, and dispersion within, the country. Thus Chart 4.8.a and 8.b shows the relationship between this ratio<sup>24</sup> of the objectively poor and the subjective feeling of poverty.

Chart 4.8.a.  
Distribution of households by income groups, % (Equivalent unit in USD)

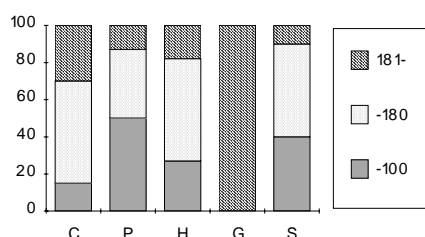
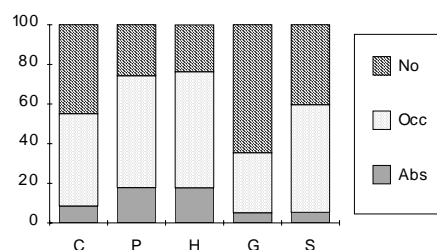


Chart 4.8.b.  
Distribution of households by subjective poverty, %



The above data imply that not all those who belong to the lowest income groups may feel poor. This phenomenon may be highlighted by the proportion of the subjectively poor within comparable groups, for instance within deciles or quintiles. As Chart 4.9 and Table P. 15 show, the absolutely poor are a 20 to 42 percent minority in each country within the lowest income quintile. They become an overwhelming majority in the bottom quintile if the absolutely poor and the occasionally poor are totaled. The ratio of the absolutely poor becomes higher if we use more refined income groups. For instance among the lowest 5

<sup>23</sup> Correlation coefficients are also sensitive to the grouping of the variables. In theory the original, ungrouped data should produce the most reliable result. In our analysis, the best fit was produced by equivalent income deciles and not the ungrouped data. This is a methodological question that we cannot pursue here further.

<sup>24</sup> This method is close to that used by Milanovic and suffers from the same shortcomings. In this particular case it may not distort the results too much, because - Germany excepted - the countries are economically not very dissimilar and geographically not very dispersed.

percent the great majority are subjectively poor. In other words, there are quite a few self-declared non-poor even among the income-poorest. On the other end of the scale, the situation adjusts better to commonsense assumptions: very few subjectively poor are among the income-rich (Table P.16 and P. 17, Chart 4.9 and 10). If we study more refined classifications, for instance the top 10 or 5 percent, the subjectively poor disappear altogether.

Chart 4.9

Composition of lowest quintile  
by poverty

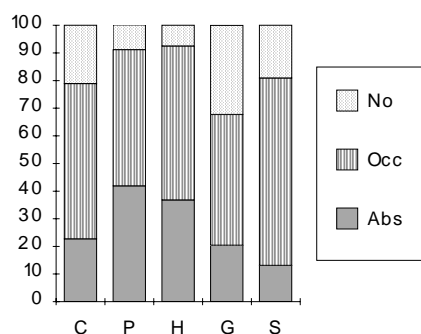
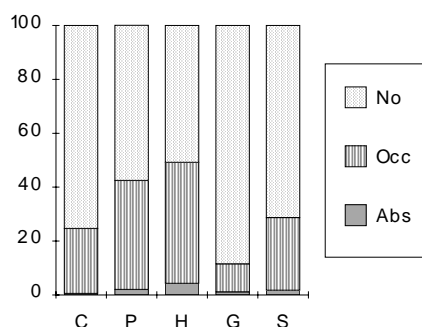


Chart 4.10

Composition of highest quintile  
by poverty



The overall relationship between objective and subjective income is shown in Table P.17, which presents in more detail the composition of income terciles by subjective poverty. (Note that the logic of the computation is reversed between Table P.16 and Table P.17. Instead of asking what proportion of the income-poor feel absolutely poor, we ask now, what proportion of the subjectively absolutely poor are also income-poor.) Because for reasons of space we used income terciles corresponding to one third of the households, the condensation of the poor at the lower end of the income scale is rather clear, while the absence of subjective poverty among the rich is less conspicuous. Still, the ratio of the subjectively poor in the top tercile (which under equal distribution of poverty would be 33 percent) is three to eight-fold lower than this proportion. The difference between the rates and the strength of feeling of subjective poverty has many reasons. Some of them will be revealed in the course of the following analysis.

#### 4.5. Why do people feel poor?

Throughout this analysis, the discrepancy between objective and subjective poverty, which contradicts obvious assumptions, has been highly intriguing. This is an important issue because feelings of subjective deprivation may be politically more important than objective poverty. It is the awareness of one's undesirable situation that, for instance, may push people to political extremes or may motivate political action in one way or the other. This contention is not meant to belittle the importance of objective poverty, which is probably all-important (maybe increasingly important) both in shaping individual life chances and in defining the quality of life in a society. We argue only for the recognition of the importance of subjective (psychologically relevant) factors, too.

It was clear from the start that many factors may be at work in producing feelings of subjective poverty. In trying to sort out these factors, several methods were applied. The

tentative conclusions presented hereafter are based on several analyses, the more detailed results of which are presented in the Appendix to this chapter.

After several attempts, four categories of variables were constructed. The first comprises the objective demographic and sociological variables similar to those analyzed above. The second category consists of elements of the living conditions that are more or less static and not directly related to the transition (such as the quality of the flat). The third group includes variables trying to map the dynamic aspects of living conditions, the changes which are more or less directly and explicitly connected to the process of societal transformation. Some of them are answers to questions explicitly referring to the changes (for instance we have asked whether people perceive changes in their nutrition). Some others have been constructed by comparing two opinions, one referring to the past, one to the present. (For instance the variable about the change in making ends meet was constructed in this way.) The fourth group of variables tries to estimate the impact of political orientation and of the perception of the changes brought about by the transition.

The summary results are presented in the Appendix to Chapter 4. Table A1 reproduces all the correlation coefficients between the variables of the four groups above and objective as well as subjective poverty (IUNIT5 and POVER). We also marked in Table A1 (if it could be identified) whether there is an across-country tendency differentiating between the subjective and the objective set of coefficients. (INC> means that in at least four countries the correlations are higher with objective income, and POV> means the contrary. If there is no such mention, the tendency is unclear. Table A2 presents separately for the above four sets of variables the main results of the regression analysis, namely the value of the adjusted R squares (presumably representing the overall impact of the independent variables included in the equation) and also the list of those variables that had a highly significant impact on the R square. Table A3 merges the four analyses, and sums up country by country the previous details. It presents the main results of regression equations run with all the variables which had been significantly related either to objective or to subjective poverty in the previous partial runs<sup>25</sup>.

### **a. Demographic and sociological factors (Analysis 1)**

By comparing the "hard" explanatory variables of subjective and objective poverty, at least three hypothetical conclusions may be formulated. The first is that the set of significant explanatory variables is not too different in the two cases. Education and the rate of household members active in the labor market (whether portrayed by an indicator about unemployment or the presence of active earners in the family) are practically always among the most relevant factors (see e.g. Chapter 3). Second, and more importantly, the hard sociological variables have a strong explanatory value both with objective and subjective poverty, but they explain significantly more of objective than of subjective poverty. In the case of the correlation coefficients (Table A.1), objective income has a stronger relationship with eight (out of 13) variables than does subjective poverty, and two other variables do not produce interpretable trends. As for the adjusted R squares (Analysis I in Table A2), they are all significant and relatively high. However, their value is twice as high when connected to

<sup>25</sup> As a matter of fact, we run equations with several sets of variables. The results were not too different, and one series was more or less arbitrarily chosen. It has to be emphasized that all methods of multivariate analysis are extremely sensitive to the number and form of the variables included. Thus the results should be considered approximations.

IUNIT5 than when connected to subjective poverty in four out of five countries. (The exception is Germany with an almost insignificant difference).

The third hypothetical conclusion is that one of the reasons for this difference may be that some objective conditions conducive to income poverty are so taken for granted that they do not play any role in the subjective feeling of poverty. The explanation of this phenomenon is likely to be very complicated. On the basis of our data we might suggest some reasons. First, the *reference group* compared to which one feels poor or not may be different. For instance, when one lives in a village, the "natural" group to which one compares oneself when deciding whether one is poor or not is made up of the people in the village and not town-dwellers. Hence, living in a village does not in itself induce a strong sense of deprivation. (Let us add at this point that many of the results have been reached indirectly. Had we asked a direct question about the relative income position of village and town dwellers, we might have well received an answer corresponding to objective reality and widely shared beliefs about towns being richer.) A similar pattern may occur concerning the job experience, albeit not so conspicuously. If a job situation is a stronger determining factor of objective than subjective poverty, it may be because many poor people experience this situation as a shared fate. A second reason for the above-mentioned phenomenon may be more psychological. For various reasons, the causes of objective poverty may be subjectively rejected. This phenomenon is particularly striking in case of families with children. All known analyses of income distribution show that children do play a role in income-poverty. Indeed, *having children appears in each and every country in our sample as a highly significant factor contributing to objective income poverty* (albeit we deliberately used the equivalent income indicator, which, if anything, underplays the costs of children.) Meanwhile the presence of children is *an absolutely insignificant factor in subjective poverty*. This conclusion holds whether we analyze the correlation coefficients (Table A1), or the significant variables in the equations (Table A2), or again the overall results in Table A3. Finally, a third reason for the phenomenon may be that the impact of the factor is so indirect that, while it shapes the objective situation, it is not present in the consciousness of people. Social origin (portrayed here by the father's occupation and education) may operate in this way.

## **b. Static and dynamic aspects of living conditions (Analysis II and III)**

### Aspects of living conditions: the static approach

No single component of life is completely disconnected from either objective or subjective poverty. We present therefore details only for some variables that were selected because either the correlation with at least one aspect of poverty was relatively high, or the lack of correlation itself was interesting.

Housing conditions show, at least on a relatively superficial quantitative level, significant, but not excessive, differentiation between countries. Within-country variations are far more important, especially when analyzed by subjective poverty. For instance, concerning the self-assessed quality of the flat (with scores on a scale of five points) the gap between the income-poor and income-rich is significant, and the gap between the subjectively poor and the rest is even more so. This subjective rating is most spectacularly supported by the degree of comfort of flats. Among the objectively or subjectively poor, three to six times more poor households lack an inside toilet than the better-off or the non-poor. The differences are similar at the other end of the comfort scale. Overcrowded housing does not seem to be a major plague in

the region. Inasmuch as it exists, it is the lot of the income-poor. Interestingly, its frequency is lower than average among the subjectively absolutely poor, which may be connected with the presence of children (since if the problem is "caused" by children, it does not lead to complaints about poverty). On the whole, *the differences between countries are almost exclusively limited to the poor*. The well-off in all the countries live very similarly: they have good flats and all desired comforts. The between-country economic and cultural differences leave their stamp only, or mostly, on the poor. (See Table P.18.)

Amenities show by and large the same pattern. Concerning items that are very widespread so that in each country a majority owns them, such as refrigerators and to a smaller extent color televisions, the differentiation between income groups is small. In the case of refrigerators, where there is an overall ownership rate above 90 percent everywhere, even the absolutely poor have one, with a slight (5 to 10 percent) difference as compared to the non-poor.

However, in case of colored TVs a wide gap exists between the subjectively poor and the other groups in each country. The overall country ratio of ownership is 89 percent in the Czech Republic and close to this in most objectively and subjectively defined income groups, but it is only 55 percent in the case of the "absolutely poor." The same pattern exists in the other poorer countries, and even in Germany, with an almost complete (98 percent) coverage, the ownership rate of the absolutely poor is 10 percent lower than the country average (Table P.19).

Quite significant differences exist between the countries in the average rate of ownership of some other items in the questionnaire such as automatic washing machines, freezers, telephones, and cars. In the case of each item and each country, the above finding recurs: the between-country differences are largest in the case of the poor and smallest in the case of the well-to-do. Let us examine for instance the case of the telephone, the ownership of which has depended for a long time not only on money, but also on having good "connections."

(Cultural attitudes and idiosyncrasies play a role in case of each item.) The range of ownership of the income-poor (lowest quintile) varies between 14 and 53 percent, while that of the income-rich (top quintile) varies between 59 and 73 percent. The second range is smaller not only relatively, but also absolutely. The same applies to automatic washing machines and other items, both in the cases of objectively and subjectively defined poverty. The case of cars shows, however, a slightly different pattern worth noticing. With this amenity, significant differences still exist between the countries not only among the income-poor, but also in the case of the income-rich. However, if examined according to groups of subjective poverty, the *self-defined poor are equally poor everywhere: nine-tenths do not own a car*. Meanwhile those who define themselves as *"not being poor at all," form an extremely homogeneous group among car owners*. The rate of car owners is around 62-65 percent everywhere, independent of the car density of the country. (Germany is above the rest, though.) (See Tables P. 20 and 21, Chart 4.11 and 12).

To sum up the two main conclusions: First, the difference in the assets of the poor and the rich is striking with very few exceptions. The main exception is Germany, where many goods are (or have recently become) so widespread that even the income-poor have access to them. The differences do exist in Germany within the small group of the subjectively poor -- this being one of the reasons for their self-definition. Second, *between-country differences are almost always significant, but they affect mainly poorer people. The better-off groups live very similarly in each country*.

Chart 4.11

### Percentage of absolutely poor households having car, automatic washing machine, telephone

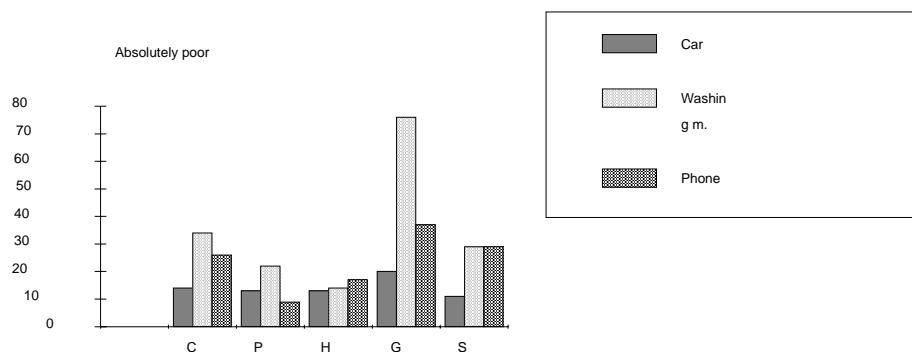
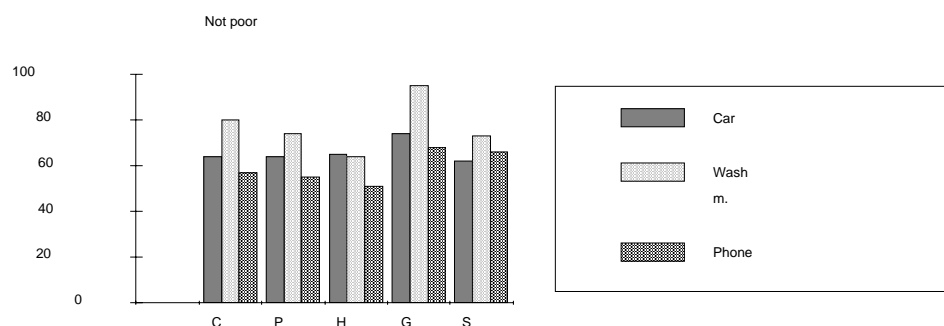


Chart 4.12

### Percentage of non-poor households having car, automatic washing machine, telephone



### Dynamics of *change* in living conditions

It is apparent that deterioration in living conditions and/or increased difficulties are experienced far more severely by those whose income is low, and especially by those who define themselves as poor. These differences seem to be even more conspicuous than those concerning the static aspects of the situation. Meanwhile, deterioration or increasing difficulties vary according to the fields analyzed. In many cases, only the income-poor are strongly affected; the income-rich could for instance easily cope with increasing costs of living. There are some exceptions, though. The most important exception seems to be housing costs. Their very significant rise has affected even the best-off strata. *These experiences may constitute one of the main reasons why we find subjectively poor households among the income-rich.* As Tables P.22 and 23 and Charts 4.13 to 16 show, housing costs cause much more difficulty in the bottom quintile than changes in nutrition, and they are a significant problem even in the top group, in which worsening nutrition is not a serious concern.

Chart 4.13.

Percentage of households in the **bottom** quintile in which:  
nutrition became worse or better



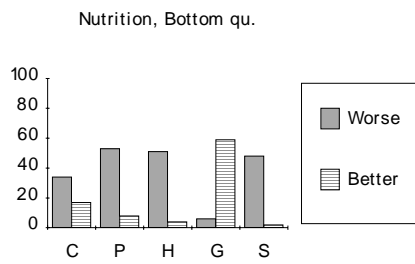


Chart 4.14.

Percentage of households in the **bottom** quintile in which Housing costs meant more or less difficulty\*



Chart 4.15.

Percentage of households in the **top** quintile in which nutrition became worse or better

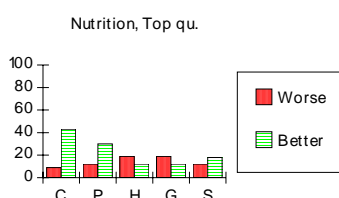
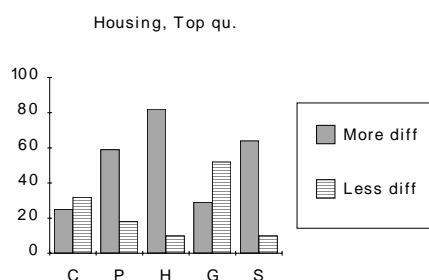


Chart 4.16.

Percentage of households in the **top** quintile in which: housing costs meant more or less difficulty\*



\* In Germany the question refers only to housing repair costs. In this context it means that the difficulties in Germany start on a much higher level than elsewhere.

The trends in the cases of other items for which change was registered (health costs, clothing) are more similar to nutrition than to housing costs. That is, they cause severe hardship in low income groups and can be borne relatively easily by the half or one-third of the households living above the median. The detailed presentation of these items would not yield therefore much new information.

The relationship *between* the static and the dynamic approach

The separation of "static" from "dynamic" aspects of living conditions is admittedly not clear cut. In the static set used in the regression analysis<sup>26</sup> we included variables related to the quality of the flat, some feelings about unmet needs, and many variables describing the ownership of amenities. The "dynamic" set comprised impressions about changes in nutrition, clothing, costs of maintaining the flat, difficulties in repaying debts, the change before and after the transition in making ends meet, the fact of asking for assistance and the ability to save.

The difficulties of clearly separating these aspects are manifold. For instance, on the surface, deficient nutrition is an indicator of a static situation. In reality, however, it may be an aspect of change if people experience it for the first time, in which case it should belong to the set used in Analysis III instead of II. The same is true in the case of savings. We did not ask whether they can save more or less now as compared to before, but just put it in Analysis III as an aspect of change. Similarly, asking for assistance, a static characteristic in itself, was considered as an aspect of change because general statistics show that the ratio of those getting assistance increased everywhere. We could spell out several other uncertainties. Because of these problems, and the inadequacy of the methods used, our conclusions are tentative, and the line of inquiry should be pursued further.

In any case, the hypothesis behind the separation of the "static" and "dynamic" aspects of living conditions was that *deteriorating conditions have a stronger impact on subjective than on objective poverty*. We hypothesized that those who have had a low income for over an extended period, but whose situation did not deteriorate too much and who are not abjectly poor, may not have a strong feeling of being poor. Meanwhile, sudden deterioration may produce a feeling of poverty even if, objectively, the income level is not very low.

The computations validate only partially the above hypothesis. The correlation coefficients support the assumption to quite a large extent. The most explicitly dynamic aspects of change (worsening clothing, nutrition, increasing difficulties of covering health costs) yield the highest correlation coefficients, and the difference between the relationship with subjective and with objective poverty is the most marked in these cases. The results of the regression analysis confirm it for two countries only, the Czech Republic and Germany (see Table 4. 3 inserted in text).

Table 4.3.

Adjusted R squares obtained in the regression analyses

Dependent variable	Analysis II, static aspects		Analysis III, dynamic aspects	
	IUNIT5	POVER	IUNIT5	POVER
<b>Czech Rep.</b>	0.20	0.18	0.27	0.41
<b>Poland</b>	0.24	0.39	0.28	0.31
<b>Hungary</b>	0.22	0.30	0.19	0.31
<b>Germany</b>	0.13	0.17	0.35	0.44
<b>Slovakia</b>	0.19	0.33	0.18	0.31

The results would align more closely with the original hypothesis if we had more refined tools. For instance, if deficient nutrition is considered a dynamic factor and included in

<sup>26</sup> For the exact description of the variables see the first part of the Appendix to Chapter 4.

Analysis III, the above tendencies become more pronounced. However, even with deficient tools the evidence supports, or at least does not contradict the assumption that sudden deterioration in conditions is more keenly felt in terms of subjective poverty than undesirable conditions that are customary -- even if lasting poverty leaves its mark on people. Still, further research is needed either to confirm or to reject the above hypothesis, because it seems to have a key role in understanding the difference between the social impact of objective and subjective poverty.

### **c. Perception of politics and change (Analysis IV)**

One more finding of the multivariate approach is worth mentioning. Some reasons leading to feelings of poverty have little to do with the factors caused by, or conducive to, absolute want or relative deprivation (the inability to follow approved and widespread customs). Thus we assumed that political attitudes or general feelings about the regime change may color even the perception of the income situation. In order to check this assumption, Analysis IV was executed with variables reflecting political attitudes or the (explicit or implicit) evaluation of the transition. The variables include: self-positioning on the political left-right scale; the role of religion in the life of the family; several variables derived from the self-assigned social position at various time points, such as the variable expressing the change between the pre-war situation and the 1950s, the position before and after the transition, and the future outlook (the difference between social position now and in three to five years and the explicit evaluation of the system change).

Most political variables have no significant relationship with the income situation. The past (what happened before and after the war) is not important for the present, at least income-wise. Neither is religion, Poland excepted. Political orientation is irrelevant, too.

The two variables that have a solidly significant connection with the (objective and subjective) income situation are the evaluation of the regime change (REGIME, 'Is the new system better or worse?') and the perceived change of social position before and after the social transformation (SOCPO34C). They produce very similar correlation coefficients despite the fact that their intercorrelation is not too high (between 0.27 and 0.42). As stated previously, this weak correlation between them is because people evaluate changes having an effect on society as a whole and on themselves in different and subtle ways. Still, both evaluations are related to the objective income situation and to its perception, but the connection is significantly stronger with the subjective feeling of poverty. In the multivariate analysis the political attitudes explain very little of the dispersion of incomes (almost all adjusted R squares are low), but - with the exception of Hungary - they have a stronger, albeit not too strong relationship with the subjective feeling about poverty.

### **d. Summary of the regression analysis**

One salient result of the detailed analyses is that hard sociological variables are more important to understand income distribution than living conditions or attitudes, while the reverse is true for the explanation of subjective poverty. It was also assumed that the static aspects of living conditions have less relevance for feeling poor than changing (deteriorating) conditions. One way to present these result in a summary way is to display the adjusted R squares of the pooled sample (the five countries taken together) for the four groups of variables. (See Table 4.4 inserted in the text)

Table 4.4.

The explained part of the dispersion of objective and subjective income in case of the four groups of variables with the pooled sample (5 countries taken together)

	Adjusted R squares	
	Income (IUNIT5)	Subj.poverty (POVER)
I.'Hard' variables	28.1	21.6
II. Static aspects	16.2	32.3
III.Dynamic aspects	20.1	38.2
IV. Pol. attitudes	9.2	19.3

Finally, the combined effect of the four sets of variables used above on both objective and subjective poverty was mapped, including in the regression model the most significant variables from all four groups. The results are presented in Table A3 of the Appendix. The explained variance is always rather high, close to or above 40 percent in all the countries in case of both independent variables (objective and subjective income) which only suggests that these connections are worth exploring. The detailed results referring to the most important variables connected to objective or subjective poverty (Table A3) confirm again the basic findings. It is apparent that socio-demographic factors have an impact mainly on the objective income level. *Out of all the factors, the number of children is the single most important factor connected to objective income in all the countries but Hungary*, but even there it is one of the most important factors. Also, if there are any hard variables appearing on the subjective side - which occurs seldom - their explanatory power (the **b** coefficient) and their level of significance is smaller than on the objective side. (Chart 4.17 displays the most significant variables.)

Chart 4.17.

The most significant variables in the explanation of objective and subjective poverty

	C	P	H	G	S	C	P	H	G	S
	Income					Subjective poverty				
Child no.	***	***	***	***	***			***		
Educ. head	**	**	***	**	**					
Unemp. or activ in hh	***	**	**	**	*		*		*	
Save	***	***	***	***	***	**	**	***	***	*
Mend12 or Socpos34	***			***	***	***	**	*	***	**
Dyn. indicator	*	**	*			**	**	**		**
							*			

One may conclude both from the summarizing equations and the correlations that basic objective sociological variables are strongly related to objective income and much less to the subjective feelings of poverty (when their impact is overshadowed by other variables). Both

the static and dynamic aspects of living conditions are more closely related to subjective than to objective poverty. It may also be surmised that the static aspects of living conditions have a weaker impact on subjective feelings of poverty than do changing conditions and the undesirable new experiences with existential insecurity.

#### 4. 6. Poverty and the assessment of regime change

We have already discussed that satisfaction with the transition differs considerably by country. On the basis of the mean score of the REGIME scale (going from 1 to 5), the Czech Republic and Germany are the most satisfied with a mean of 3.5, Poland is in the middle (3.0), and Hungary and Slovakia are the most dissatisfied with a mean score of 2.6, which is under the neutral midpoint

(Table P.26). Satisfaction with the transition depends on many factors or is at least strongly related to them. Out of about 30 variables, less than 10 yielded relatively high correlations. Educational level and socio-professional group were among them, but these two produced lower coefficients than either objective or subjective poverty, or the items referring to increasing hardships in covering needs. ( Table 4.6 inserted in text.)

Table 4.6.

Correlation coefficients between REGIME and variables producing the highest values

Variable	Subj. poverty	Income	Educ of HH	Job of HH	Need coverage	Debt	Nutrition better- worse	Pol. orienta- tion
Czech Rep.	<b>0.39</b>	0.30	0.27	0.32	<b>0.40</b>	0.29	0.39	<b>0.56</b>
Poland	<b>0.35</b>	0.26	0.29	0.19	0.31	0.24	<b>0.36</b>	<b>0.36</b>
Hungary	0.22	<b>0.29</b>	0.19	<b>0.25</b>	<b>0.27</b>	0.16	0.17	0.13
Germany	<b>0.36</b>	0.28	0.12	0.10	<b>0.36</b>	<b>0.35</b>	0.21	0.20
Slovakia	<b>0.30</b>	0.26	0.22	0.22	<b>0.31</b>	0.24	0.29	<b>0.32</b>

The three strongest correlations in each country are marked in **bold**. Out of the significant correlations, the relationship with subjective poverty seems to be one of the strongest, as it ranks among the top three in four out of five countries. The exception is Hungary, where objective poverty takes the place of subjective poverty: the regime change is assessed not against felt income, but against the real income level. Another widely felt factor is the insufficiency of income (COVER), together with variables that refer directly to the trends since the transition (that is, whether nutrition, and so on are worse or better). And obviously, political orientation is also a very strong factor in evaluating the change, particularly in the Czech Republic.

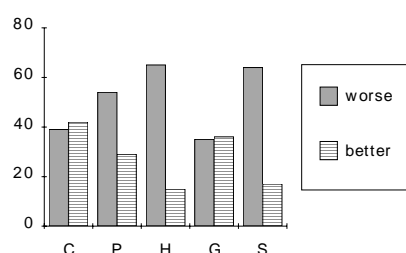
However, quantifiable variables explain only part of the story. The evaluation of change depends also on other, deep-seated psychological processes that may differ by country. We suspect that, over and above real deterioration and real hardships, deceived expectations may be particularly important in Hungary. Hungarians -- while appreciating the positive sides of the transition, especially the gains in freedom and democratic politics -- are deeply deceived by the processes of the last five years. Together with the Poles, they were better prepared for the market and for private ownership than people in most other countries, but the majority has not been able to enjoy the fruits of these opportunities. Other socio-psychological factors may also be at work, such as the pride of a newly reemerging nation-state in Slovakia, which may

help to take away the edge of some difficulties, or the long-lasting economic decline in Poland, which may induce apathy. We have no means to check (let alone measure the impact of) these hunches. The last charts (Charts 18 and 19, together with Tables P.24 and 25) give insight into the way in which the worst-off and best-off groups evaluate the transition. While the former variables may explain within-country differences, the between-country differences probably depend more on the psychological factors mentioned than on "hard" facts.

Chart 4.18.

Percentage of households assessing the new system as better or worse than the former one

a. in the bottom income quintile



b. in the top income quintile

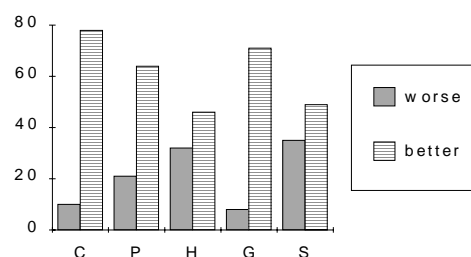
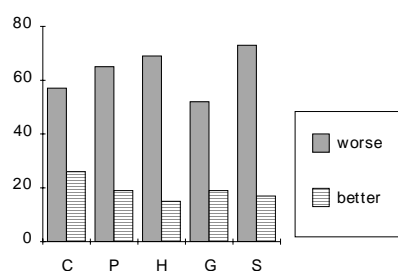


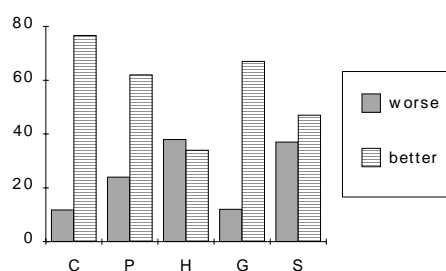
Chart 4.19.

Percentage of households assessing the new system as better or worse than the former one

a. if absolutely poor



b. if not poor at all



All in all, the best-off groups may still find that on objective grounds, the new system leaves much to be desired. At the other end of the spectrum, the subjectively poor find very little to make them satisfied with the system change. The causality is, of course, undefined by the figures; causality may flow both ways. However, on the basis of all the information presented, it seems to us that satisfaction and dissatisfaction with systemic change are tied simultaneously to one's own experience and to more general feelings regarding a desirable society.

## Tables to Chapter 4

Table P.1.a.

Percentage distribution of households according to some indicators of living condition

	<b>Czec</b>	<b>Pola</b>	<b>Hun</b>	<b>Ger</b>	<b>Slov</b>
	<b>h Rep.</b>	<b>nd</b>	<b>gary</b>	<b>many</b>	<b>akia</b>
Wealth of household (ALTOGC)					
under 3,000	13	29	11	5	9
3-50,000	75	63	74	61	78
50,000+	11	9	15	35	13
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Who owns the flat (OWNER3)					
Household	44	63	86	33	52
Public authority	52	33	11	56	47
Other	4	4	3	11	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Facilities (toilet, bath, hot water)(FACIL)					
no indoor toilet	6	26	16	8	8
toilet	2	2	0	4	0
toilet + bath	7	18	4	12	7
toilet + bath + hot water	86	55	80	76	84
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<i>Out of it:</i>	<i>93</i>	<i>72</i>	<i>84</i>	<i>88</i>	<i>91</i>
<i>Bathroom, total</i>					
Car in household (HADHAS7)					
Never had it	40	52	48	30	49
Lost it	6	5	7	4	6
Got it	6	9	5	12	5
Always had it	48	35	40	54	41
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<i>Out of it: has car now, total</i>	<i>54</i>	<i>44</i>	<i>45</i>	<i>66</i>	<i>46</i>
How many goods of 8 owned by HH (HASNUMC)					
0-3	27	41	34	8	29
4	16	20	18	11	17
5 and more	57	39	48	81	55
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>



Table P.1.b.

Percentage of households owning some assets:

	<b>Cze ch Rep.</b>	<b>Pola nd</b>	<b>Hun gary</b>	<b>Ger many</b>	<b>Slov akia</b>
Refrigerator (HAS3)	98	94	97	99	98
Coloured TV (HAS5)	88	79	76	98	85
Autom. washing m (HAS2)	68	54	43	93	59
Freezer (HAS4)	58	36	61	72	63
Telephone (HAS6)	43	33	37	60	53
Car (HAS7)	54	44	44	64	44

Table P.2.

Indicators of poverty: Percentage distribution of households according to various problems connected with poverty or deteriorating financial conditions

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Regional total
Changing problems paying for health, Sign .level***						
Never had enough	1	16	9	1	1	5
More difficulties	11	27	16	5	12	14
Always enough	89	57	75	94	87	81
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Nutrition worse or better, Sign . level ***						
Worse	18	31	36	2	33	24
Same	56	53	58	32	61	51
Better	26	16	6	66	7	25
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Clothing worse or better, Sign . level ***						
Worse	23	43	44	1	38	29
Same	52	40	48	38	52	46
Better	25	17	7	60	10	25
<i>Total</i>	<i>100</i>	<i>99</i>	<i>99</i>	<i>100</i>	<i>100</i>	<i>100</i>
Any deficit in nutrition, Sign. level***						
Yes	47	34	38	4	33	31
No	54	66	62	96	67	69
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Any difficulty paying back debt (out of debtors) Sign. level*						
Cannot pay back	1	1	0	1	1	1
Unsure if can pay back	10	26	37	24	32	30
Sure to pay back	89	73	63	75	68	69
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
n (having debt)	261	281	376	282	339	1539
Difficulties with housing costs, Sign .level***						
More	49	70	86	36	80	63
Same	31	17	9	25	16	20

Less	19	13	5	40	4	17
Total	100	100	100	100	100	100

Table P.3.

Percentage distribution of households in extreme income quintiles by the educational level of the **father of head of household** (DADSCHOL compr.)

Educational level of the father of head of household						
	Les s than primary	Pri mary	Voc ational	Sec ondary	Hig her	Tot al
Czech Rep.	Sign=**					
1,Lowest quintile	5	33	41	16	5	100
5,Highest quintile	1	14	42	23	20	100
Total	3	28	45	16	8	100
n	24	249	397	144	71	885
Poland	Sign=***					
1,Lowest quintile	58	21	9	8	4	100
5,Highest quintile	40	21	16	17	6	100
Total	56	16	13	11	4	100
n	552	153	129	107	35	976
Hungary	Sign=***					
1,Lowest quintile	56	20	17	5	2	100
5,Highest quintile	27	17	27	12	17	100
Total	45	21	20	7	7	100
n	403	186	185	66	66	906
Germany	Sign=**					
1,Lowest quintile	17	31	30	11	11	100
5,Highest quintile	24	19	25	13	19	100
Total	25	26	29	9	11	100
n	226	242	263	85	100	916
Slovakia	Sign=***					
1,Lowest quintile	25	43	21	7	4	100
5,Highest quintile	13	27	30	22	8	100
Total	20	39	24	13	5	100
n	184	353	218	115	47	917

Table P.4.

Percentage distribution of households in the categories defined by occupational group of the father of the head of household according to the extent the household considers itself poor

	Semi -unskilled, farm worker	S killed worker	Sm all private - employed	L ow- middle white collar	High level manager, professi- onal	Co untry, total
Czech Rep.	Sign=***					
Absolutely	13	9	4	9	3	9
Occasionally	50	44	45	44	34	45
Not at all	37	47	51	48	63	46
Total	100	100	100	100	100	100
n	311	163	53	218	202	982
Poland	Sign=***					
Absolutely	24	7	10	21	22	18
Occasionally	60	56	51	55	53	55
Not at all	16	37	40	25	25	27
Total	100	100	100	100	100	100
n	247	216	101	345	72	981
Hungary	Sign=***					
Absolutely	23	10	26	15	5	18
Occasionally	57	62	49	64	58	58
Not at all	20	29	25	21	38	24
Total	100	100	100	100	100	100
n	512	200	57	78	111	958
Germany	Sign NS					
Absolutely	4	4	2	3	5	4
Occasionally	31	33	21	26	26	29
Not at all	65	63	77	72	69	67
Total	100	100	100	100	100	100
n	183	388	91	102	117	881
Slovakia	Sign=*					
Absolutely	7	4	3	6	1	5
Occasionally	57	54	45	54	50	54
Not at all	37	42	52	40	49	41
Total	100	100	100	100	100	100
n	354	206	95	162	100	917

Table P.5.

Percentage distribution of households in the categories defined by occupational group of the father of the head of household according to the groups defined by CLUTRAN\*

Socio- occ. group of father of HH	Semi- unskilled, farm worker	S killed worker	Sm all private - employed	Lo w-middle white collar	High level manager, professi- onal	Co untry, total
Czech Rep.	Sign=***					
won least	30	23	18	23	9	22
won middle	33	31	37	41	28	33
won most	37	47	46	37	63	45
<i>Total</i>	100	100	100	100	100	100
n	354	195	136	111	156	952
Poland	Sign=**					
won least	45	28	31	41	33	37
won middle	32	39	29	35	37	35
won most	23	34	40	25	29	28
<i>Total</i>	100	100	100	100	100	100
n	251	221	104	355	75	1006
Hungary	Sign=*					
won least	53	50	51	52	32	50
won middle	32	32	33	35	43	33
won most	15	19	16	13	26	17
<i>Total</i>	100	100	100	100	100	100
n	518	200	57	79	113	967
Germany	Sign NS					
won least	17	18	13	18	10	16
won middle	28	28	18	25	38	28
won most	55	55	70	58	52	56
<i>Total</i>	100	100	100	100	100	100
n	203	404	95	106	125	933
Slovakia	Sign=*					
won least	53	45	39	50	38	48
won middle	25	28	35	27	28	27
won most	22	27	25	23	34	25
<i>Total</i>	100	100	100	100	100	100
n	365	213	99	177	102	956

\* CLUTRAN is a cluster variable combining REGIME, SOCPOS34 and WEAL12

Table P.6.

Percentage distribution of households by socio-occupational group of **head of household** in income quintiles (IUNIT5)

<b>Socio-professional group of head of household</b>	<b>Semi-skilled worker</b>	<b>Skill-led worker</b>	<b>Small private, self-employed</b>	<b>Low-middle white collar</b>	<b>High level manager, profession</b>	<b>Total</b>
Czech Rep.	Sign.=***					
1.lowest quintile	55	15	4	19	8	100
2	49	13	2	24	12	100
3	36	23	1	21	19	100
4	21	22	7	25	25	100
5.highest quintile	13	16	13	23	35	100
<i>Total</i>	35	18	5	22	20	100
Poland	Sign.=***					
1.lowest quintile	29	28	32	8	4	100
2	21	32	19	23	6	100
3	20	33	24	16	7	100
4	10	33	15	27	16	100
5.highest quintile	11	23	14	25	27	100
<i>Table Total</i>	18	30	21	20	12	100
Hungary	Sign.=***					
1.lowest quintile	60	20	5	11	4	100
2	39	31	7	17	7	100
3	34	34	3	22	8	100
4	20	41	5	17	17	100
5.highest quintile	13	28	6	17	35	100
<i>Total</i>	33	31	5	17	14	100
Germany	Sign.=***					
1.lowest quintile	16	44	9	25	7	100
2	14	51	6	23	6	100
3	20	37	9	24	11	100
4	8	39	6	34	12	100
5.highest quintile	6	27	9	30	27	100
<i>Total</i>	13	39	8	27	13	100
Slovakia	Sign.=***					
1.lowest quintile	35	32	5	15	14	100
2	24	32	8	24	12	100
3	17	34	7	20	23	100
4	12	37	4	23	25	100
5.highest quintile	8	27	6	19	39	100
<i>Total</i>	18	32	6	20	24	100

Table P.7.

Percentage distribution of households by educational level of head of household in groups according to the extent the household considers itself poor (POVER)

	<b>Prim</b>	<b>Voca</b>	<b>Seco</b>	<b>High</b>	<b>Tota</b>
	<b>ary</b>	<b>tional</b>	<b>ndary</b>	<b>er</b>	<b>l</b>
Czech Rep.	Sign.=***				
absolutely	48	35	12	5	100
occasionally	19	48	28	5	100
not at all	12	33	33	22	100
<i>Total</i>	<i>18</i>	<i>40</i>	<i>29</i>	<i>13</i>	<i>100</i>
n	178	387	279	125	969
Poland	Sign.=***				
absolutely	59	27	13	2	100
occasionally	32	35	25	8	100
not at all	19	26	34	21	100
<i>Total</i>	<i>34</i>	<i>31</i>	<i>25</i>	<i>10</i>	<i>100</i>
n	341	313	256	102	1012
Hungary	Sign.=***				
absolutely	65	23	11	2	100
occasionally	34	33	23	10	100
not at all	21	21	33	25	100
<i>Total</i>	<i>36</i>	<i>29</i>	<i>23</i>	<i>12</i>	<i>100</i>
n	359	282	231	118	990
Germany	Sign.=***				
absolutely	33	44	20	4	100
occasionally	34	29	27	10	100
not at all	22	26	32	21	100
<i>Total</i>	<i>26</i>	<i>27</i>	<i>30</i>	<i>17</i>	<i>100</i>
n	269	280	302	171	1022
Slovakia	Sign.=***				
absolutely	47	35	12	6	100
occasionally	17	44	28	12	100
not at all	8	31	37	24	100
<i>Total</i>	<i>15</i>	<i>38</i>	<i>31</i>	<i>17</i>	<i>100</i>
n	144	363	294	158	959

Table P.8.

Ratio of households with unemployed persons within selected income quintiles and groups of subjective poverty in % (IUNIT5 and POVER)

<b>Income quintiles</b>	<b>% of HH with unemployed</b>	<b>Groups of poverty</b>	<b>% of HH with unemployed</b>
Czech Rep.	Sign.=**		***
1.lowest quintile	11	Absolutely	18
3	7	Occasionally	6
5.highest quintile	1	Not at all	3
<i>Total</i>	<i>5</i>	<i>Total</i>	<i>5</i>
Poland	Sign.=***		***
1.lowest quintile	47	Absolutely	30
3	16	Occasionally	22
5.highest quintile	7	Not at all	11
<i>Total</i>	<i>20</i>	<i>Total</i>	<i>20</i>
Hungary	Sign.=***		
1.lowest quintile	38	Absolutely	30
3	11	Occasionally	19
5.highest quintile	10	Not at all	9
<i>Total</i>	<i>18</i>	<i>Total</i>	<i>18</i>
Germany	Sign.=***		***
1.lowest quintile	43	Absolutely	65
3	15	Occasionally	31
5.highest quintile	12	Not at all	16
<i>Total</i>	<i>23</i>	<i>Total</i>	<i>23</i>
Slovakia	Sign.=***		**
1.lowest quintile	31	Absolutely	25
3	7	Occasionally	16
5.highest quintile	8	Not at all	10
<i>Total</i>	<i>14</i>	<i>Total</i>	<i>14</i>



Table P.9.

Ratio of the demographic groups most at risk of poverty in the lowest income quintile and in the group identifying itself as "absolutely poor" in %

	<b>Over all</b>	<b>Singl e person</b>	<b>Singl e with child</b>	<b>Cou ple, 3+children</b>	<b>Leve l of sign.</b>
% of HH in the lowest equivalent income quintile					
Czech Rep.	20	19	40	51	***
Poland	20	7	27	32	***
Hungary	21	21	40	41	***
Germany	20	22	58	80	***
Slovakia	20	16	32	35	***
% of HH in the group of "absolutely poor"					
Czech Rep.	9	20	18	11	***
Poland	18	32	20	24	***
Hungary	17	36	13	27	***
Germany	5	7	16	4	***
Slovakia	5	8	9	8	*

Table P.10.

The average wealth (ALTOGET) of the groups defined according to the extent the household considers itself poor\*, in thousand USD

<b>POVER</b>	<b>Czec h Rep.</b>	<b>Pola nd</b>	<b>Hun gary</b>	<b>Ger many</b>	<b>Slov akia</b>
absolutely	9.8	7.7	12.8	14.4	7.6
occasionally	18.9	18.0	28.3	36.8	19.8
not at all	30.1	28.5	43.1	58.3	33.9
Country Total	22.4	19.1	29.3	49.4	24.6

\* The numbers are only indicative because of the delicacy of the question, the conversion into USD, and the use of midpoints of broad categories.

Table P.11.

Ratio of households with private venture within selected income quintiles and groups of subjective poverty

<b>Income quintiles</b>	<b>% of HH with private venture</b>	<b>Groups of poverty</b>	<b>% of HH with private venture</b>
Czech Rep.	Sign.=***		***
1.lowest quintile	10	Absolutely	4
3	8	Occasionally	10
5.highest quintile	36	Not at all	26
<i>Total</i>	<i>17</i>	<i>Total</i>	<i>17</i>
Poland	Sign.=***		***
1.lowest quintile	8	Absolutely	2
3	10	Occasionally	8
5.highest quintile	20	Not at all	22
<i>Total</i>	<i>11</i>	<i>Total</i>	<i>11</i>
Hungary	Sign.=***		***
1.lowest quintile	8	Absolutely	3
3	10	Occasionally	12
5.highest quintile	24	Not at all	27
<i>Total</i>	<i>14</i>	<i>Total</i>	<i>14</i>
Germany	Sign.=***		**
1.lowest quintile	6	Absolutely	0
3	4	Occasionally	4
5.highest quintile	11	Not at all	8
<i>Total</i>	<i>7</i>	<i>Total</i>	<i>7</i>
Slovakia	Sign.=**		***
1.lowest quintile	11	Absolutely	0
3	11	Occasionally	8
5.highest quintile	21	Not at all	23
<i>Total</i>	<i>14</i>	<i>Total</i>	<i>14</i>

Table P.12.

Correlations between subjective and objective income indicators (POVER and income indicators)

	<b>Cze</b>	<b>P</b>	<b>Hu</b>	<b>Ge</b>	<b>Sl</b>
	<b>ch R</b>	<b>oland</b>	<b>ggary</b>	<b>rmany</b>	<b>lovakia</b>
	893	991	948	910	906
	Ungrouped data				
Income per household	0.37	0.11	0.31	0.30	0.27
Income per head	0.38	0.30	0.32	0.27	0.20
Income per consumption unit (equivalent income	0.41	0.29	0.33	0.30	0.24
	Percentiles based on per capita income				
IMEMB10	0.39	0.40	0.34	0.34	0.31
IMEMB5	0.37	0.38	0.34	0.33	0.31
IMEMB3	0.35	0.35	0.29	0.32	0.28
	Percentiles based on equivalent income				
IUNIT10	0.44	0.46	0.41	0.43	0.38
IUNIT5	0.42	0.46	0.39	0.42	0.36
IUNIT3	0.41	0.43	0.37	0.38	0.34

In case of all coefficients  $p < 0.001$  (Sign. \*\*\*)

Table P.13.

Percentage distribution of households by equivalent income groups

	<b>100</b>	<b>101-</b>	<b>181</b>	<b>Total</b>
	<b>USD and</b>	<b>180 USD</b>	<b>USD and</b>	
	<b>less</b>		<b>more</b>	
Czech Rep.	15	55	30	100
Poland	50	37	13	100
Hungary	27	55	18	100
Germany	0	0	100	100
Slovakia	40	50	10	100

Table P.14.

Percentage distribution of households by subjective poverty (POVER)

	<b>Absol utely</b>	<b>Occasio nally</b>	<b>Not at all</b>	<b>Total</b>	<b>n</b>
Czech Rep.	9	47	45	100	893
Poland	18	56	26	100	991
Hungary	18	59	24	100	948
Germany	5	30	65	100	910
Slovakia	5	54	40	100	906

Table P.15.

Relationship between objective and subjective poverty (Percentage distribution of the subjectively poor in the lowest income quintile)

	<b>Czec h Rep.</b>	<b>Pola nd</b>	<b>Hun gary</b>	<b>Ger many</b>	<b>Slov akia</b>
P.3.	Lowest income quintile				
Absolutely	23	42	37	20	13
Occasionally	56	49	56	47	68
Never	21	9	8	32	19
Total	100	100	100	100	100

Table P.16.

Relationship between objective and subjective poverty (Percentage distribution of the subjectively poor in the highest income quintile)

	<b>Czec h Rep.</b>	<b>Pola nd</b>	<b>Hun gary</b>	<b>Ger many</b>	<b>Slov akia</b>
P.4.	Highest income quintile				
Absolutely	1	2	4	1	2
Occasionally	24	41	45	10	27
Never	75	58	51	89	71
Total	100	100	100	100	100

Table P.17.

Relationship between objective and subjective poverty (Percentage distribution of households by equivalent income terciles in groups of POVER)

IUNIT3	Extent to which household considers itself poor			
	Absolut ely	Occasionall y	Not at all	Total
Czech Rep.				
1. Lowest tercile	71	41	17	33
2nd tercile	22	37	29	32
3. Highest tercile	7	22	54	35
Total	100	100	100	100
Poland				
1. Lowest tercile	65	33	12	33
2nd tercile	28	39	26	34
3. Highest tercile	7	28	62	33
Total	100	100	100	100
Hungary				
1. Lowest tercile	61	33	15	33
2nd tercile	30	37	26	33
3. Highest tercile	9	30	59	34
Total	100	100	100	100
Germany				
1. Lowest tercile	89	48	22	33
2nd tercile	7	36	34	33
3. Highest tercile	4	17	44	34
Total	100	100	100	100
Slovakia				
1. Lowest tercile	69	40	19	33
2nd tercile	23	37	31	33
3. Highest tercile	8	23	50	34
Total	100	100	100	100

Table P.18.

Basic characteristics of housing in the extreme groups of IUNIT5 and POVER

	% having no inside toilet		% with all comforts (toilet, bath, hot water)		Mean score of quality of flat (Flat2)	
	Bo ttom qui.	To p qui.	Bo ttom qui.	To p qui.	Bo ttom qui.	To p qui.
Czech Rep.	8	3	81	91	3.2	3.8
Poland	43	10	39	70	2.7	3.6
Hungary	35	3	60	96	3.2	3.6
Germany	17	3	67	82	3.3	3.7
Slovakia	16	3	74	90	3.1	3.7
	<b>Abs. poor</b>	<b>Not poor</b>	<b>Abs. poor</b>	<b>Not poor</b>	<b>Abs. poor</b>	<b>Not poor</b>
Czech Rep.	15	4	65	90	3.0	3.9
Poland	51	11	31	73	2.3	3.7
Hungary	35	6	57	93	2.9	3.9
Germany	17	5	57	83	2.7	3.7
Slovakia	16	4	78	91	2.3	3.7

Table P.19.

Percentage of households having refrigerator and automatic washing machine in the extreme groups of IUNIT5 and POVER

	Has refrigerator			Has colored TV		
	Bott om qui.	Top qui.	Cou ntry, total	Bott om qui.	Top qui.	Cou ntry, total
Czech Rep.	94	100	98	82	97	88
Poland	86	98	94	69	91	79
Hungary	91	99	97	55	93	76
Germany	99	99	99	95	100	98
Slovakia	95	100	98	70	96	85
	Abs. poor	Not poor	Country, total	Abs. poor	Not poor	Country, total
Czech Rep.	92	99	98	55	94	88
Poland	84	97	94	51	91	79
Hungary	89	100	97	42	86	76
Germany	98	100	99	89	98	98
Slovakia	90	99	98	59	94	85

Table P.20.

Percentage of households having an automatic washing machine and freezer in the extreme groups of IUNIT5 and POVER

	Has automatic washing machine			Has freezer		
	Bott om qui.	Top qui.	Cou ntry, total	Bott om qui.	Top qui.	Cou ntry, total
Czech Rep.	53	88	68	36	74	58
Poland	35	76	54	30	44	36
Hungary	24	72	43	47	72	61
Germany	85	97	93	60	86	72
Slovakia	41	74	59	51	76	63
	Abs. poor	Not poor	Country, to tal	Abs. poor	Not poor	Country, to tal
Czech Rep.	34	80	68	19	70	58
Poland	22	74	54	12	50	36
Hungary	14	64	43	33	74	61
Germany	76	95	93	47	78	72
Slovakia	29	73	59	18	80	63

Table P.21.

Percentage of households having telephone and car in the extreme groups of IUNIT5 and POVER

	Has telephone			Has car		
	Bott om qui.	Top qui.	Count ry, total	Bott om qui.	Top qui.	Coun try, total
Czech Rep.	29	63	44	35	75	53
Poland	16	59	33	29	64	44
Hungary	14	63	37	26	64	44
Germany	53	73	61	49	76	64
Slovakia	36	69	53	28	56	44
	Not poor		Country, total	Abs. poor	Not poor	Country, total
Czech Rep.	26	57	44	14	64	53
Poland	9	55	33	13	64	44
Hungary	17	51	37	13	65	44
Germany	37	68	61	20	74	64
Slovakia	29	66	53	11	62	44



Table P.22.  
Percentage of households according to change in nutrition in extreme groups of IUNIT5 and POVER

<b>Nutri tion</b>	<b>Botto m qu.</b>	<b>Top qu.</b>	<b>Count ry, total</b>	<b>Abs. poor</b>	<b>Not poor</b>
Czech Rep.					
Worse	34	9	19	54	7
Same	49	48	56	38	53
Better	17	43	25	8	40
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>		
Poland					
Worse	53	12	31	65	9
Same	39	58	53	31	60
Better	8	30	16	4	31
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Hungary					
Worse	51	19	36	70	14
Same	45	69	58	29	72
Better	4	12	6	1	14
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Germany					
Worse	6	1	2	15	1
Same	35	27	31	44	28
Better	59	72	67	41	71
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Slovakia					
Worse	48	12	33	83	14
Same	51	70	61	15	72
Better	2	18	6	2	14
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table P.23.

Percentage of households according to change in covering housing costs in extreme groups of IUNIT5 and POVER

<b>Housin g</b>	<b>Botto m qu.</b>	<b>Top qu.</b>	<b>Count ry, total</b>	<b>Abs. poor</b>	<b>Not poor</b>
Czech Rep.					
More difficult	68	25	50	68	34
Same	22	43	32	23	38
Less difficult	10	32	18	9	28
Total	100	100	100	100	100
Poland					
More difficult	79	59	70	79	58
Same	12	23	17	15	20
Less difficult	9	18	13	6	22
Total	100	100	100	100	100
Hungary					
More difficult	83	82	86	87	78
Same	13	8	9	11	12
Less difficult	4	10	5	2	10
Total	100	100	100	100	100
Germany*					
More difficult	52	29	35	70	30
Same	27	19	25	18	23
Less difficult	21	52	40	12	47
Total	100	100	100	100	100
Slovakia					
More difficult	87	64	80	94	72
Same	12	26	16	6	20
Less difficult	2	10	4	0	8
Total	100	100	100	100	100

\* The question refers only to repair costs due to a translation error.

Table P.24.

Mean scores for REGIME (mean of 1 to 5) by subjective poverty (POVER)

<b>Groups of</b>	<b>Czec</b>	<b>Pola</b>	<b>Hun</b>	<b>Ger</b>	<b>Slov</b>
<b>poor</b>	<b>h Rep.</b>	<b>nd</b>	<b>gary</b>	<b>many</b>	<b>akia</b>
absolutely	2.5	2.1	2.0	2.4	1.9
occasionally	3.2	3.0	2.5	3.0	2.4
not at all	4.0	3.5	2.9	3.8	3.1
Country, total	3.5	3.0	2.6	3.5	2.6

Table P.25.

Percentage distribution of households according to assessment of regime change (REGIME) by income quintiles (IUNIT5)

<b>NEW REGIME</b>	<b>Bott om quin.</b>	<b>2nd</b>	<b>3rd</b>	<b>4th</b>	<b>Top quin.</b>	<b>Tot al</b>
Czech Republic						
Worse	39	28	24	18	10	24
Same	19	24	26	13	12	19
Better	42	48	50	70	78	58
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>101</i>
Poland						
Worse	54	41	45	35	21	39
Same	18	15	19	20	14	17
Better	29	44	36	45	64	44
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Hungary						
Worse	65	62	47	49	32	51
Same	20	23	29	19	22	23
Better	15	16	23	32	46	26
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Germany						
Worse	35	24	15	13	8	19
Same	29	24	23	25	21	24
Better	36	52	62	63	71	57
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Slovakia						
Worse	64	59	50	50	35	51
Same	20	14	15	16	16	16
Better	17	27	35	34	49	33
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table P.26.

Percentage distribution of households according to assessment of regime change (REGIME) by subjective groups of poverty (POVER)

	<b>Absol utely poor</b>	<b>Occas ionally</b>	<b>Not poor at all</b>	<b><i>Total</i></b>
Czech Rep.				
Worse	57	28	12	23
Same	17	27	12	19
Better	26	45	77	58
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Poland				
Worse	65	38	24	39
Same	16	18	15	17
Better	19	44	62	44
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Hungary				
Worse	69	52	38	51
Same	16	22	27	23
Better	15	26	34	26
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Germany				
Worse	52	32	12	20
Same	29	27	22	24
Better	19	41	67	57
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Slovakia				
Worse	73	60	37	51
Same	10	17	16	16
Better	17	23	47	33
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

## Appendix to Chapter 4

### Regression analysis on poverty

In this Appendix we present the summary results extracted from multivariate regression models run with four sets of variables to analyze the relationship between objective and subjective indicators of well-being. The subjective indicator was self-rated poverty (POVER, that is, POVERTY hierarchically recoded<sup>27</sup>) and the objective one was the equivalent income quintile or (in the detailed analysis, Table 3 of the Appendix) the equivalent income decile. These objective income measures have shown the strongest correlation with the subjective feeling of poverty (see Table P.12.)

The four sets of independent variables are the following:

#### Analysis I: Hard sociological variables

DADSCHX	Father's education, compressed, 4 groups
DADJOBX	Father's occupation, compressed, 5 groups
SETTLE	Type of settlement
CHILDNX	Number of children up to secondary school age
AGECOH2	Head of HH under/over 60
EDUC1S4G	Education level of head of HH, compressed, 4 groups
JOBSPSH1	Occupation of head of HH, 'Socio-prof 5 groups'
ACTIVY	Any active in HH (Dummy)
UNEMP	Is any member of HH unemployed? (Dummy)
UNEMPX	Was anybody unemployed in last five years (Dummy)
VENTYES	Private venture now (Dummy)
SINGPAR	The HH type is single parent (Dummy)
SINGLEX	The HH type is single person (Dummy)

---

<sup>27</sup> We performed the same analysis with other indicators of subjective poverty, such as the positioning of self on the income ladder (WEALTHY2) and the indicator about making ends meet (MAKEEND2). The results were rather similar. For the sake of not overburdening the reader, we present only the results obtained with POVER.

Analysis II. Variables describing the static aspects of living conditions (not directly connected with changes in the last year):

FLAT2	Quality of flat now, on a scale of 5 points
ROOMPER2	Housing density over/under median (country-wise)
FACIL	Indoor toilet, bath, hot water in flat
DEFIC1	There is a deficit in nutrition in the HH.
HASNUMC	How many items of eight amenities does the HH own?
HAS2	HH has automatic washing machine
HAS4	HH has deep freezer
HAS5	HH has color television
HAS6	HH has telephone
HAS7	HH has car

Analysis III. Variables describing the dynamic aspects of living conditions

ENOUGHC	Coverage of health costs - more, same or less difficulties than 5 years ago
CLOTH	Clothing - better, same or worse
COSTCOM	Coverage of housing costs - more difficult, same, less difficult
NUTR	Nutrition - worse, same, better
PAYBAKC	How sure is the family to pay back contracted debts?
ASSNOW	Did they ask for assistance now, PRESEN1 collapsed (dummy)
MEND12	Change in making ends meet (MAKEEND2-MAKEEND1)
SAVE	Could the HH save money in 1994?
PROBNUM	How many problems did they have with housing costs?

Analysis IV. Variables about perception of politics and change

RELIG	If religion plays an important role
LEFTRIGH	Politically left or right
SOCPO12C	Change in social position between prewar and 1950
SOCPO34C	Change in social position before and after the transition
SOCPO45C	Expected change in social position between now and in 3-5 years
REGIME	Present regime is better or worse

We present three sets of results. Table 1. of the Appendix presents all the correlation coefficients both with POVER and IUNIT5, and Table 2 displays those variables for all the runs that have a significant relationship either with POVER or with IUNIT5. If there was less than three significant independent variables, we included the one with the next highest significance. These tables also show the R squares for each run, which is always relatively high. For clarity and economy of presentation, we display only the level of significance without the actual values of the coefficients.

Finally, Table 3 presents a more complete display of the results of a regression analysis that was run with all the significant variables of the previous regressions.

## Tables of the Appendix to Chapter 4

**Table A1. Correlation coefficients.**

(We did not add the levels of significance. Most coefficients over .15 are significant on the \*\*\* level.)

### ANALYSIS I, Objective sociological variables.

	DADSCH X	DADJOB X	VENTYE S	UNEMP X	UNEMP X	CHILDN X
<i>IUNIT5</i>						
Czech Rep.	0.26	0.20	0.25	-0.11	-0.13	-0.15
Poland	0.15	0.01	0.11	-0.33	-0.28	-0.37
Hungary	0.25	0.22	0.16	-0.25	-0.19	-0.10
Germany	0.03	0.05	0.06	-0.25	-0.27	-0.26
Slovakia	0.16	0.10	0.08	-0.21	-0.10	-0.25
<i>POVER</i>						
	INC>	INC>	POV>	INC>	INC>	INC>>
Czech Rep.	0.19	0.19	0.22	-0.15	-0.11	-0.02
Poland	0.15	0.03	0.23	-0.16	-0.14	0.00
Hungary	0.17	0.17	0.22	-0.16	-0.11	0.02
Germany	-0.02	0.03	0.10	-0.27	-0.29	0.02
Slovakia	0.12	0.08	0.23	-0.11	-0.06	0.00

### ANALYSIS I, continued

	SINGLE X	SINGPA R	SETTLE	AGECOH 2	ACTIVY	EDUC1S	JOBSPSH 1
<i>IUNIT5</i>							
Czech Rep.	-0.13	0.09	-0.14	-0.24	0.32	0.35	0.32
Poland	0.07	0.10	-0.28	0.08	0.05	0.26	0.28
Hungary	-0.05	0.10	-0.32	-0.08	0.23	0.44	0.35
Germany	0.04	0.21	-0.06	0.08	0.11	0.19	0.24
Slovakia	0.00	0.09	-0.14	-0.06	0.17	0.30	0.27
<i>POVER</i>							
	POV>		INC>>			INC>	INC>
Czech Rep.	-0.14	0.08	-0.04	-0.08	0.11	0.29	0.26
Poland	-0.10	0.02	-0.10	-0.10	0.21	0.32	0.25
Hungary	-0.17	-0.02	-0.10	-0.06	0.14	0.33	0.25
Germany	-0.13	0.12	0.00	0.08	0.17	0.16	0.16
Slovakia	-0.09	0.09	0.01	0.08	0.14	0.28	0.28



**ANALYSIS II, Variables describing the static aspects of living conditions**

	DEFIC1	FLAT2	HASNUMC	WASH M	FREEZER
<i>IUNIT5</i>					
Czech Rep.	-0.08	0.20	0.37	0.28	0.28
Poland	-0.30	0.24	0.28	0.27	0.08
Hungary	-0.19	0.19	0.37	0.34	0.17
Germany	-0.04	0.17	0.17	0.15	0.17
Slovakia	-0.25	0.22	0.29	0.21	0.15
<i>POVER</i>	POV>	POV>			
Czech Rep.	-0.15	0.25	0.36	0.27	0.26
Poland	-0.47	0.44	0.44	0.33	0.25
Hungary	-0.38	0.30	0.36	0.32	0.26
Germany	-0.05	0.27	0.25	0.15	0.16
Slovakia	-0.41	0.35	0.40	0.25	0.33

**ANALYSIS II, continued**

	COL.TV	PHONE	CAR	FACIL	ROOMPER 2
<i>IUNIT5</i>					
Czech Rep.	0.19	0.25	0.31	0.12	-0.05
Poland	0.17	0.30	0.22	0.25	-0.27
Hungary	0.32	0.31	0.28	0.28	-0.13
Germany	0.13	0.11	0.17	0.16	-0.20
Slovakia	0.27	0.23	0.16	0.15	-0.19
<i>POVER</i>			POV>	POV>	INC>
Czech Rep.	0.27	0.24	0.25	0.16	-0.08
Poland	0.30	0.32	0.34	0.32	-0.06
Hungary	0.30	0.22	0.33	0.26	-0.08
Germany	0.09	0.20	0.27	0.20	-0.03
Slovakia	0.25	0.23	0.30	0.16	-0.09

**ANALYSIS III, Variables describing the dynamic aspects of living conditions**

	ENOU GHC	NUTR	CLOT H	COST COM	PAYB AKC	PROBN UM	ASSNO W	MEN D12	SAVE
<i>IUNIT5</i>									
Czech Rep.	0.18	0.29	0.43	0.32	0.19	-0.26	-0.31	0.36	0.40
Poland	0.36	0.32	0.19	0.13	0.28	-0.30	-0.39	0.23	0.31
Hungary	0.16	0.23	0.20	0.07	0.20	-0.31	-0.36	0.21	0.27
Germany	0.26	0.12	0.20	0.27	0.45	-0.38	-0.33	0.42	0.46
Slovakia	0.20	0.29	0.35	0.20	0.21	-0.23	-0.27	0.27	0.26
<i>POVER</i>	POV>	POV>	POV>		POV>>	POV>	INC>>	POV>	
Czech Rep.	0.38	0.54	0.38	0.32	0.39	-0.36	-0.29	0.48	0.40
Poland	0.35	0.37	0.37	0.21	0.37	-0.39	-0.30	0.37	0.22
Hungary	0.31	0.43	0.34	0.04	0.29	-0.31	-0.29	0.34	0.34
Germany	0.41	0.25	0.29	0.28	0.49	-0.53	-0.31	0.48	0.46
Slovakia	0.27	0.43	0.40	0.11	0.31	-0.31	-0.21	0.38	0.32

**ANALYSIS IV, Variables about perception of politics and change**

	REGIM E	RELIG	LEFTRI GH	SOCPO12 C	SOCPO3 4C	SOCPO 45C
<i>IUNIT5</i>						
Czech Rep.	0.31	-0.07	0.14	-0.14	0.24	0.11
Poland	0.27	-0.18	0.03	-0.03	0.27	-0.03
Hungary	0.31	0.02	0.06	-0.02	0.16	0.01
Germany	0.23	-0.04	0.04	0.01	0.14	-0.04
Slovakia	0.26	-0.11	0.10	-0.02	0.25	0.07
<i>POVER</i>	POV>		POV>>		POV>>	POV>>
Czech Rep.	0.35	0.00	0.25	-0.08	0.31	0.13
Poland	0.37	-0.06	0.09	-0.03	0.36	0.04
Hungary	0.21	0.01	0.15	-0.09	0.28	0.08
Germany	0.35	0.16	0.06	0.03	0.40	0.14
Slovakia	0.34	-0.02	0.16	-0.03	0.37	0.14

**Table A2 - R squares (as % explained) and significant independent variables  
(The first 5 variables displayed, if significant)**

Analysis I, Objective sociological indicators

Part A: dependent variable IUNIT5

Part B: dependent variable POVER

	<b>A. IUNIT5</b>			<b>B. POVER</b>		
<b>Czech Rep.</b>	<b>Adj. R</b>			<b>34 Adj. R</b>		<b>17</b>
	<b>square, %</b>			<b>square, %</b>		
	JOBSPSH1	***		UNEMP	**	
	VENTYES	***		EDUC1S4	***	
				G		
	CHILDNX	***		VENTYES	***	
	AVTIVY	***		SINGLEX	**	
	SINGPAR	***		SINGPAR	**	
<b>Poland</b>	<b>Adj. R</b>			<b>36 Adj. R</b>		<b>17</b>
	<b>square, %</b>			<b>square, %</b>		
	UNEMP	***		UNEMPX	**	
	SETTLE	***		EDUC1S4	***	
				G		
	EDUC1S4G	***		VENTYES	***	
	CHILDNX	***		CHILDNX	**	
	ACTIVY	***		ACTIVY	***	
<b>Hungary</b>	<b>Adj. R</b>			<b>35 Adj. R</b>		<b>16</b>
	<b>square, %</b>			<b>square, %</b>		
	SETTLE	***		UNEMP	*	
	EDUC1S4G	***		JOBSPSH1	*	
	CHILDNX	***		EDUC1S4	***	
				G		
	ACTIVY	***		VENTYES	***	
	SINGPAR	***		SINGLEX	***	
<b>Germany</b>	<b>Adj. R</b>			<b>24 Adj. R</b>		<b>20</b>
	<b>square, %</b>			<b>square, %</b>		
	SETTLE	**		AGE	***	
	EDUC1S4G	***		ACTIVY	***	
	CHILDNX	***		UNEMPX	***	
	ACTIVY	***		EDUC1S4	**	
				G		
	SINGPAR	**		SINGPAR	**	
<b>Slovakia</b>	<b>Adj. R</b>			<b>25 Adj. R</b>		<b>13</b>
	<b>square, %</b>			<b>square, %</b>		
	UNEMP	***		EDUC1S4	***	
				G		
	EDUC1S4G	***		VENTYES	***	
	CHILDNX	***		CHILDNX	**	
	SINGPAR	*		SINGPAR	**	

**ANALYSIS II, Variables describing the static aspects of living conditions**

**Part A: dependent variable IUNIT5****Part B: dependent variable POVER**

	<b>A.IUNIT5</b>		<b>B. POVER</b>	
<b>Czech Rep.</b>	<b>Adj. R Square,</b>	<b>20</b>		<b>18</b>
	%			
	FLAT2 ***		DEFIC1 **	
	WASH M. *		PHONE ***	
	FREEZER ***		FLAT2 ***	
	PHONE ***		TV *	
	CAR ***		ROOMPER2 *	
<b>Poland</b>	<b>Adj. R Square,</b>	<b>24</b>	<b>Adj. R Square,</b>	<b>39</b>
	%		%	
	ROOMPER2 ***		FLAT2 ***	
	DEFIC1 ***		DEFIC1 ***	
	FACIL *		TV ***	
	PHONE ***		PHONE **	
	CAR *		CAR **	
<b>Hungary</b>	<b>Adj. R Square,</b>	<b>22</b>	<b>Adj. R Square,</b>	<b>30</b>
	%		%	
	DEFIC1 ***		DEFIC1 ***	
	ROOMPER2 ***		FLAT2 ***	
	WASH M. ***		ROOMPER2 **	
	TV **		WASH M ***	
	PHONE **		CAR ***	
<b>Germany</b>	<b>Adj. R Square,</b>	<b>13</b>	<b>Adj. R Square,</b>	<b>17</b>
	%		%	
	FLAT2 *		FLAT2 ***	
	ROOMPER2 ***		ROOMPER2 *	
	TV *		HASNUMC *	
	FREEZER *		PHONE ***	
	CAR ***		CAR ***	
<b>Slovakia</b>	<b>Adj. R Square,</b>	<b>19</b>	<b>Adj. R Square,</b>	<b>33</b>
	%		%	
	DEFIC1 ***		DEFIC1 ***	
	ROOMPER2 ***		FLAT2 ***	
	FLAT2 **		FREEZER ***	
	TV ***		PHONE **	
	PHONE *		CAR **	

**ANALYSIS III, Variables describing the dynamic aspects of living conditions****Part A: dependent variable IUNIT5****Part B: dependent variable POVER**

	<b>A. IUNIT5</b>			<b>B. POVER</b>		
<b>Czech Rep.</b>	<b>Adj. R</b>			<b>27 Adj. R</b>		<b>41</b>
	<b>Square, %</b>			<b>Square, %</b>		
	CLOTH	***		NUTR	***	
	ASSNOW	*		PAYBAKC	**	
	SAVE	**		MEND12	*	
				SAVE	*	
<b>Poland</b>	<b>Adj. R</b>			<b>28 Adj. R</b>		<b>31</b>
	<b>Square, %</b>			<b>Square, %</b>		
	ENOUGHHC	**		ENOUGHHC	**	
	NUTR	**		PROBNUM	*	
	ASSNOW	***		PAYBAKC	**	
	SAVE	***		MEND12	*	
				ASSNOW	*	
<b>Hungary</b>	<b>Adj. R</b>			<b>19 Adj. R</b>		<b>31</b>
	<b>Square, %</b>			<b>Square, %</b>		
	PROBNUM	*		ENOUGHHC	**	
	ASSNOW	***		NUTR	***	
	SAVE	**		PAYBAKC	**	
				ASSNOW	**	
				SAVE	***	
<b>Germany</b>	<b>Adj. R</b>			<b>35 Adj. R</b>		<b>44</b>
	<b>Square, %</b>			<b>Square, %</b>		
	PAYBAKC	**		PAYBAKC	*	
	ASSNOW	*		MEND	***	
	MEND12	**		SAVE	***	
	SAVE	***		PROBNUM	**	
<b>Slovakia</b>	<b>Adj. R</b>			<b>18 Adj. R</b>		<b>31</b>
	<b>Square, %</b>			<b>Square, %</b>		
	CLOTH	*		NUTR	***	
	COSTCOM	*		PAYBAKC	*	
	NUTR	*		MEND12	**	
	SAVE	*		SAVE	*	
	ASSNOW	**		PROBNUM	*	

**ANALYSIS IV, Variables about perception of politics and change****Part A: dependent variable IUNIT5****Part B: dependent variable POVER**

<b>A. IUNIT5</b>			<b>B. POVER</b>		
<b>Czech Rep.</b>	<b>Adj. R</b>		<b>13 Adj. R</b>		<b>17</b>
	<b>Square, %</b>		<b>Square, %</b>		
	RELIG	**	RELIG	*	
	SOCPO34C	***	SOCPO34C	***	
	REGIME	***	REGIME	***	
<b>Poland</b>	<b>Adj. R</b>		<b>13 Adj. R</b>		<b>19</b>
	<b>Square, %</b>		<b>Square, %</b>		
	RELIG	***	SOCPO34C	***	
	SOCPO34C	***	REGIME	***	
	REGIME	***			
<b>Hungary</b>	<b>Adj. R</b>		<b>09 Adj. R</b>		<b>10</b>
	<b>Square, %</b>		<b>Square, %</b>		
	REGIME	***	LEFTRIGH	*	
			SOCPO34C	***	
			REGIME	**	
<b>Germany</b>	<b>Adj. R</b>		<b>05 Adj. R</b>		<b>21</b>
	<b>Square, %</b>		<b>Square, %</b>		
	REGIME	***	RELIG	*	
			SOCPO34C	***	
			SOCPO45C	*	
			REGIME	***	
<b>Slovakia</b>	<b>Adj. R</b>		<b>10 Adj. R</b>		<b>19</b>
	<b>Square, %</b>		<b>Square, %</b>		
	RELIG	**	SOCPO34C	***	
	SOCPO34C	***	REGIME	***	
	REGIME	***			

**TABLE A3.** The summary equations of the regression analysis run with the significant independent variables of Analysis I-IV. (The table displays the ten most significant variables in each case)

<b>Czech Republic</b>					
<b>IUNIT10</b>			<b>POVER</b>		
Adj.R square, %	46		Adj.R square	35	
Variable	Beta	Sig T	Variable	Beta	Sig T
<b>CHILDNX</b>	<b>-0.31</b>	<b>0.000</b>	CHILDNX	-0.10	0.010
JOBSPSH1	0.13	0.001	FLAT2	0.10	0.003
<b>ACTIVY</b>	<b>0.30</b>	<b>0.000</b>	HAS4	0.08	0.014
FLAT2	0.09	0.005	HAS6	0.09	0.008
HAS4	0.12	0.000	ASSNOW	-0.10	0.003
HAS6	0.09	0.003	NUTR	0.13	0.001
CLOTH	0.13	0.001	SAVE	0.10	0.005
ASSNOW	-0.08	0.011	<b>MEND12</b>	<b>0.15</b>	<b>0.000</b>
<b>SAVE</b>	<b>0.15</b>	<b>0.000</b>	REGIME	0.11	0.004
<b>MEND12</b>	<b>0.12</b>	<b>0.000</b>	SOCPO34C	0.08	0.022

<b>Poland</b>					
<b>IUNIT10</b>			<b>POVER</b>		
Adj.R square, %	44		Adj.R square	45	
Variable	Beta	Sig T	Variable	Beta	Sig T
<b>CHILDNX</b>	<b>-0.35</b>	<b>0.000</b>	ACTIVY	0.08	0.011
EDUC1S4G	0.09	0.007	<b>FLAT2</b>	<b>0.20</b>	<b>0.000</b>
ACTIVY	0.08	0.009	HAS4	0.05	0.110
UNEMP	-0.09	0.025	HAS6	0.09	0.004
HAS6	0.10	0.001	HAS7	0.09	0.002
ASSNOW	-0.10	0.001	<b>DEFIC1</b>	<b>-0.19</b>	<b>0.000</b>
NUTR	0.07	0.033	ASSNOW	-0.07	0.017
<b>SAVE</b>	<b>0.12</b>	<b>0.000</b>	SAVE	0.09	0.002
REGIME	0.06	0.051	REGIME	0.09	0.004
RELIG	-0.08	0.004	<b>SOCPO34C</b>	<b>0.11</b>	<b>0.000</b>

TABLE 3 continued

<b>Hungary</b>					
<b>IUNIT10</b>			<b>POVER</b>		
Adj.R square, %	39		Adj.R square	39	
Variable	Beta	Sig T	Variable	Beta	Sig T
<b>CHILDNX</b>	<b>-0.16</b>	<b>0.000</b>	<b>FLAT2</b>	<b>0.16</b>	<b>0.000</b>
SINGPAR	0.10	0.001	HAS4	0.11	0.001
<b>EDUC1S4G</b>	<b>0.22</b>	<b>0.000</b>	HAS7	0.11	0.002
<b>ACTIVY</b>	<b>0.16</b>	<b>0.000</b>	DEFIC1	-0.13	0.001
UNEMPX	-0.13	0.001	HAS2	0.10	0.007
DADSCHX	0.06	0.082	CLOTH	0.10	0.001
HAS2	0.08	0.018	ASSNOW	-0.06	0.068
ASSNOW	-0.09	0.003	NUTR	0.12	0.002
<b>SAVE</b>	<b>0.13</b>	<b>0.000</b>	<b>SAVE</b>	<b>0.14</b>	<b>0.000</b>
REGIME	0.09	0.004	SOCPO34C	0.08	0.017

<b>Germany</b>					
<b>IUNIT10</b>			<b>POVER</b>		
Adj.R square, %	39		Adj.R square	40	
Variable	Beta	Sig T	Variable	Beta	Sig T
<b>CHILDNX</b>	<b>-0.25</b>	<b>0.000</b>	CHILDNX	0.10	0.013
SINGPAR	0.07	0.033	SINGPAR	0.08	0.013
EDUC1S4G	0.15	0.000	UNEMPX	-0.10	0.013
JOBSPSH1	0.11	0.002	FLAT2	0.09	0.004
ACTIVY	0.11	0.007	HAS6	0.10	0.002
ROOMPER2	-0.08	0.044	HAS7	0.11	0.007
ASSNOW	-0.10	0.005	ASSNOW	-0.10	0.002
<b>SAVE</b>	<b>0.21</b>	<b>0.000</b>	<b>SAVE</b>	<b>0.17</b>	<b>0.000</b>
<b>MEND12</b>	<b>0.18</b>	<b>0.000</b>	<b>MEND12</b>	<b>0.16</b>	<b>0.000</b>
RELIG	-0.08	0.011	SOCPO34C	0.11	0.005



TABLE 3 continued

Slovakia					
IUNIT10			POVER		
Adj.R square, %	42		Adj.R square	36	
Variable	Beta	Sig T	Variable	Beta	Sig T
<b>CHILDNX</b>	<b>-0.31</b>	<b>0.000</b>	SINGPAR	0.08	0.033
EDUC1S4G	0.12	0.006	EDUC1S4G	0.09	0.055
UNEMP	-0.09	0.020	<b>FLAT2</b>	<b>0.14</b>	<b>0.000</b>
ROOMPER2	-0.10	0.013	HAS4	0.13	0.001
HAS2	0.12	0.001	HAS7	0.10	0.009
ASSNOW	-0.06	0.080	DEFIC1	-0.14	0.001
<b>SAVE</b>	<b>0.22</b>	<b>0.000</b>	CLOTH	0.06	0.112
<b>MEND12</b>	<b>0.16</b>	<b>0.000</b>	SAVE	0.10	0.008
REGIME	0.06	0.120	MEND12	0.13	0.001
RELIG	-0.06	0.054	SOCPO34C	0.08	0.056

**Bold: significant on the  $p < 0.001$  (\*\*\*) level**

## Chapter 5

### Unemployment from a household perspective

**Endre Sik<sup>28</sup> and Zsuzsa Ferge**

The basic questions on unemployment that concern both policymakers and transitologists are: how large a phenomenon is it and what are its social consequences? Some aspects of these questions (such as the extent of unemployment and its consequences in terms of income) are discussed in Chapters 1, 3, 4 and 6. In this Chapter we shall take advantage of the specific features of the SOCO data base. First, the survey offers actual data on unemployment related to the household as a whole instead of data on an individual level, which is the routine statistical procedure, usually applying ILO definitions. Second, the data base contains a larger number of social factors than a standard unemployment survey, so that we can describe the social implications of unemployment in a much broader context.

In order to create a clear framework for the analysis that follows we formulated two hypotheses. In the first one it is supposed that the existence of current unemployment in the household is more strongly associated with a bad social situation now than unemployment occurring in the past five years, but that past unemployment also leaves its mark. In the second hypothesis it is assumed that the unemployment of the head of household hits the household differently and more severely than unemployment of another household member<sup>29</sup>. To better highlight the trends, this analysis only covers those households in which the head is not on a pension. 'Non-pensioner' heads may be actively employed, registered unemployed, or, in absence of active earners, pensioners and registered unemployed persons without any labor-market status. (This last category is a tiny minority in each country). The exclusion of households headed by retired persons allows us to analyze the social basis and consequences of unemployment in case of a sub-sample containing only people for whom unemployment is a potential danger<sup>30</sup>.

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<sup>28</sup> Two papers published by E. Sik since the first draft of the report analyze in more detail some crucial aspects of unemployment (Sik 1996a and 1996b).

<sup>29</sup> Of course many other characteristics of the household could be used to map the ways in which unemployment hit the household. We could have used for instance the number of household members who are or were unemployed; the unemployment of the household head associated with the unemployment of his or her spouse; the length of unemployment in the household, and so forth. The choice was -- as usual -- somewhat arbitrary, but the hypotheses seemed to be of major social interest. The impact of number of unemployed would have been particularly important, but there are only 2 per cent of households in the region with 2 or more unemployed members (see Table SP.18).

<sup>30</sup> As a result of the coding procedures there are no households with a retired head and with a registered unemployed household member. In such a case the registered unemployed person was coded as household head.

## 5.1 Unemployment in the households

The most all-encompassing measure of the level of unemployment is the proportion of households in which someone has been unemployed during the past five years. This proportion varies between 25 and 54 per cent between countries. As Chart 5.1. and Table UE.1. show, the percentage is the highest in Germany, somewhat smaller in Hungary, Poland and Slovakia, and much smaller in the Czech Republic. Thus the proportion of households never hit by unemployment between 1990 and 1995 is 59 percent in the whole region with a considerable range. In Germany only a minority (46 per cent) of the households have remained unaffected by unemployment, while in the Czech Republic three quarters of the households never experienced unemployment. The overall pattern conforms to the Central European macrostatistical unemployment rates.

The same Table and Chart 5.1. show that the rate of households which had been hit by unemployment in the past but not at present is rather similar, around 20 per cent in each country. The real difference is the rate of households with somebody currently unemployed. This rate varies between 7 and 31 per cent with almost the same between-country rank-order. The exception is Poland where the figure relating to the past is smaller than at present. The present and the former situation of households in Hungary are, though, similar. This suggests that the social danger of unemployment lies in Hungary not so much in its prevalence, but in its persistence.

Chart 5.1.

The rate of households with unemployment at present or only in the past



Chart 5.2 and Table UE.2 refer to the structure of current unemployment. The rates of presently unemployed household heads (and possibly other members) follow the usual country pattern, with the highest rate in Germany, the lowest in the Czech Republic, with the other countries in between. If our hypothesis is true that the unemployment of the head of household creates a worse situation than that of only the other members, then the situation of Hungary and Germany is worse than that of the other countries. It is in these two countries that the unemployment rate of heads is higher than that of other members. (Chart 5.3 shows this same fact more emphatically since it refers only to households with unemployment.)

Chart 5.2.

The rate of unemployment in households where only the head, or only other members are unemployed

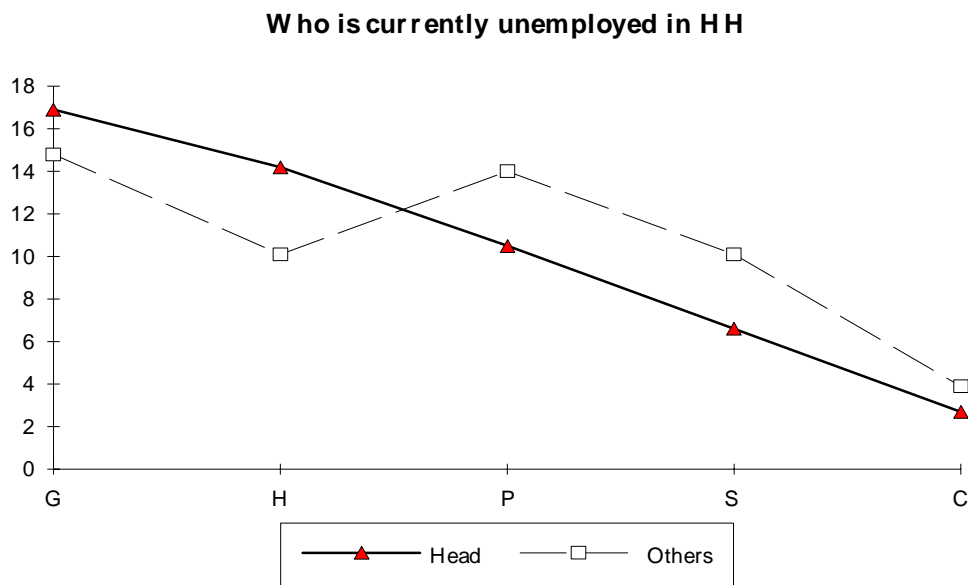
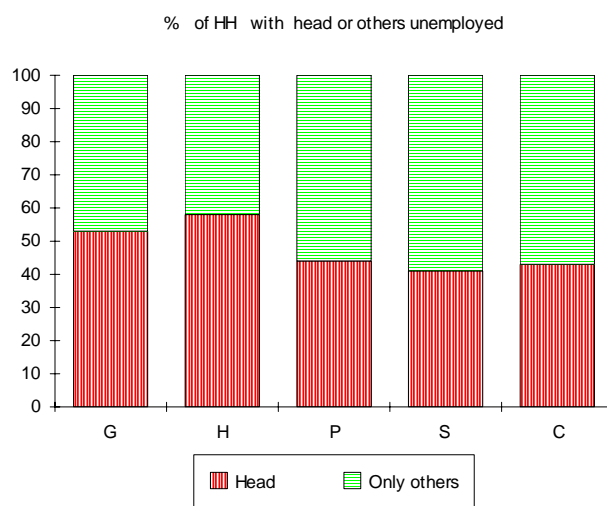


Chart 5.3

Percentage distribution of households with unemployed members according to the composition of unemployment



## 5.2 The characteristics of households with unemployment

In what follows we shall analyze the two categorizations side by side. We shall show in this way the differences according to past and present unemployment, and the differences according to the unemployment of the head of the household or that of other household members. Both categorizations seem to 'make sense'. It is generally true that households in which there is current unemployment are much worse off than those where there has never been unemployment, while the households in which there was unemployment only in the past occupy a middle position between these two extremes. In other words, past unemployment leaves its mark on the families. Within the households in which there is unemployment now, the impact is worse if the head of the household is currently unemployed. The unemployment of the other members counts, too, but usually less than that of the head. All in all, the worst off group is the one where the head is at present unemployed, and those households are the best off which have never experienced unemployment, neither in the past nor at present.

The causes and the consequences of unemployment are not always easy to separate and there is always a 'feedback' or interaction between causes and consequences. However, for the sake of clarity we have grouped the various factors assuming that some of them could be appraised as by and large 'neutral' conditions, some as causes, some others as objective or subjective consequences.

### a. Demographic characteristics

The demographic composition of the household cannot be seen either as cause or as consequence of unemployment. Some interrelationships have to be checked, though. One may assume for instance that families with children have a better chance of avoiding unemployment partly because there is a stronger motivation in the household to find employment and partly because the decision of an employer may be influenced by considerations of family responsibility. One may also assume that the well-known high rates of youth unemployment or of female unemployment leave their mark on the household as a whole.

Factually the countries vary so much in these respects that it is hard to generalize. Also, the various demographic characteristics are interrelated in very intricate ways so that the relationships between the demographic traits and unemployment may become rather blurred. As Table UE.3 shows, households both with past and with current unemployment are usually larger than those which have never experienced it at all and with the exception of Germany, households with current unemployment are the largest. These differences are mainly caused by the number of children. Germany again excepted, *there are more children in the households where there is (or was) unemployment.*

The other demographic factor impacting on the size of households is the ratio of single person households or single parent families. The picture is again unclear; there is no general trend. Neither single parenthood, nor being single affect unemployment rates too closely. If anything, single people may be perhaps less likely to become unemployed than others - which may be due to the necessity of earning a living that may be extremely strong in case of single persons. (The fact that the rate of singles among households is very high when the head is unemployed is an artifact. This rate has to be nil if somebody other than the head is unemployed because this means that there has to be more than one member in the household.)

The relationship between age and unemployment is not simple from a household perspective. The mean age of the head of household is higher than average where there is unemployment in two countries (Czech Republic, Germany), and lower in the others. The detailed age structure (not displayed) does not show any clear trend either.

On the whole one may conclude that the demographic characteristics of the household as a whole are not wholly detached from the risk of unemployment but the interrelations are not very strong, and they vary from country to country.

## **b. Labor market characteristics of households**

Unemployment may be associated with characteristics such as the lack of human capital and subjective or psychological dispositions. Our data allow us only to check the impact of some objective factors such as the educational level in the household or the type of locality where they live. The findings are neither new nor surprising. Unemployment is likely to hit when the head of household or the household members have a low educational level - the worst risk factor being the absence of schooling above the primary level. By the same token, the most vulnerable occupational group has been that of agricultural and unskilled workers, albeit skilled workers in most countries are also hard hit. A degree of higher education is the best of defences, as well as a career in one of the professions or the successful participation in privatization. The data also confirm that it is easier to lose and harder to find a job in villages than in towns.

Table UE.4 displays all these relationships for the households with present and past unemployment as well as for those in which either the head or only other household members are unemployed. The basic trends hold true: there is an almost ubiquitous gradual slope from current unemployment through past unemployment to never any unemployment, and from the households in which only the head is unemployed through those in which only others in the household are unemployed to those without any unemployment at present. However, the cut-off point between the groups may shift, depending on the factor and on the country. It may be either between households with current unemployment and the rest, or between households having ever experienced unemployment and the rest.

We shall mention only some findings to illustrate these differences. In Poland for instance the ratio of households in which the head has only primary education is 41 per cent among those which have currently unemployed members, compared to 11 percent among those which have escaped unemployment. The latter rate is lower than that of households which have never known unemployment. This suggests that with better educational credentials there was a higher chance of escaping from unemployment. The same is much less true for Germany (with very high unemployment) or for the Czech Republic (with low unemployment). The figures relating to higher education confirm this finding for Poland as well as for all the other countries. Past unemployment hit the households almost independently of their level of schooling. However, those having good credentials mostly escaped it - with the exception of Germany. In the case of current unemployment, the other household members are more vulnerable when the head of the household has no education, but this does not apply to the Czech Republic or Hungary.

We have checked a number of indicators relating to the labor market position of the various households. It appears that second jobs, casual incomes, participation in various forms of training or farming are not strongly related to unemployment. The fact of having a functioning private venture makes a great difference, though. Interestingly enough the dividing line in this case lies between the households with current and past unemployment: those having escaped joblessness have in all the countries practically the same rate of private business as those never experiencing unemployment. This finding suggests that in many cases a small venture constituted the means of escaping from unemployment. However, among households with current unemployment, and particularly if the head is also unemployed, private ventures are scarce.

The most alarming figures in the table relate to households where the head is an unskilled worker or those who live in villages. About half or more of these households are hit by

unemployment, and in most cases escape has proved to be difficult or impossible.

### c. The income situation of the households

It is well-known that unemployment benefits are usually low. Less is known about how this affects the households. Tables UE.5, 6 and 7 as well as Chart 5.4. and 5.5 offer an insight on this point. The basic trends (the downward slopes) appear with unusual clarity in all cases. Households in which the head is currently unemployed are always by far the worst off. In Poland the income in those households is less than half of the income in households never affected by unemployment. In the other countries the gap is smaller but still very wide. Previous unemployment also leaves its mark, partly because these families are less well endowed with various forms of capital than those never having experienced unemployment. It is also clear that the unemployment of the head of household causes more serious difficulties than that of the other members. Nonetheless in all the countries the income in the household where either the head or the other members are unemployed is closer to each other than the income of families currently hit by unemployment and those exempt from it.

Chart 5.4.

Equivalent income in households with current, former and no unemployment. (The income of households never hit by unemployment=100)

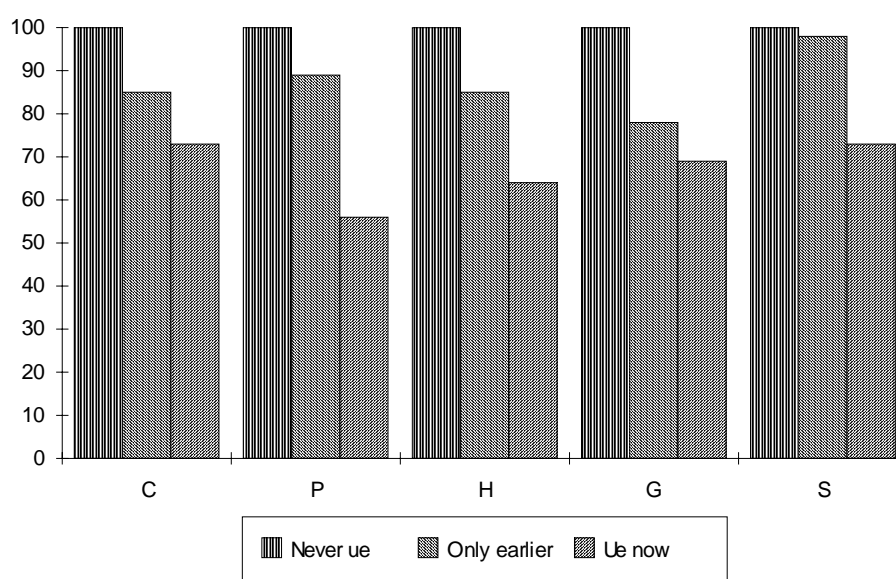
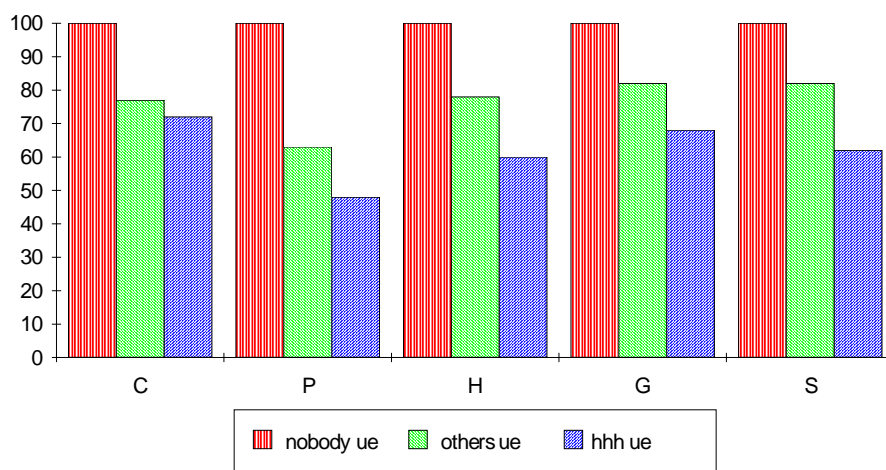


Chart 5.5.

Equivalent income in households in which nobody, the head or only others are unemployed  
(The income of households without unemployment = 100)



The impact of unemployment on incomes is so strong that it reveals itself even when the sample size dwindles down almost to insignificance. Thus for instance single parent families are under 10 per cent in all the countries and slightly above it only in Germany. The number of households with unemployment in single parent families is usually very small (between 2 and 16 in absolute numbers). Nonetheless, as shown in Table UE.6, the basic trend is always clear. To give just one example: in Germany the average equivalent of all non-pensioner households is USD 949. That of single parent families is USD 645 and that of the others is USD 979. Among the single parent families the average income is USD 735 if they have never been affected by unemployment, USD 471 if some member other than the head is unemployed, and only USD 418 if the head has become unemployed. The same trend is manifest in all the countries (Table UE.6).

The lower income of households with unemployment may entail serious poverty. Any unemployment in the household at least doubles the risk of being in the bottom decile (with the exception of Germany), and trebles it if the head is unemployed. Meanwhile the chances of reaching the top decile fade away particularly if the head has no job (Table UE.7). The same table shows that unemployment, particularly that of the head of the household, entails a higher probability of fluctuating incomes and a lower ability to save.

The last part of Table UE.7 displays the ratios of households getting unemployment benefit or some other type of assistance. If targeting means that benefits should go only to those who need them and if unemployment represents a case of need then one might conclude that *the targeting of assistance is almost perfect*. It is accessible the most frequently to families with an unemployed head, somewhat less frequently to households with other unemployed persons, seldom to households with previous unemployment, and practically never to households with no unemployment.

However, it should be emphasized that targeting does not mean that help is given to all of those who need it: 12 to 68 per cent of the households affected by unemployment do not get any assistance (for further discussion, see Chapter 6). These figures are the lowest in Germany, where almost all the households with a jobless member do get some assistance. By contrast in the Czech Republic, Poland and Slovakia are far from reaching all those affected by joblessness.



#### d. Subjective poverty and feelings about the changes and the losses

The social composition of households affected by past and particularly by present unemployment is, then, less favorable than that of the whole population: they are less educated, less skilled, and so forth. It is an almost self-evident corollary that their living conditions are also worse than of those successfully avoiding unemployment. As shown in Table UE.8 they assess their flat as worse, and in fact they have much less comfort. Inside toilets are almost ubiquitous in the region (Poland excepted), but when the head of the household is jobless, the rate of those without an inside toilet is double or triple the average. They are much less well endowed with durable goods, particularly the most expensive items (such as cars or freezers). It should be noted though that even the poor and the unemployed could profit to some extent from the newly opening markets. We do not know of course anything about the quality of the goods bought by the less well-off, but they have begun to buy colored TV-s or washing machines at a fast rate, and even cars at almost the same rate as others<sup>31</sup>. While they are still much less well equipped than the others, the gap in term of the average number of durable items has slightly decreased. This may also imply that they had some reserves at the start. At the same time however they were more likely than the 'safe' families to have to give up some of their possessions, particularly cars. For instance in case of cars the frequency of having bought a new car is always lower, that of having lost it always higher when the head is unemployed than in the safe households. Also, many of the new possessions may have caused debts which seem to weigh heavily on the unemployed households. The rate of those saying that they are unsure about paying back the debt is significantly higher for unemployed households than in case of the 'safe' families (see Table 5.1 and 5.2 inserted in text).

Table 5.1.

Percentage rate of households having bought or gave up a car in the last five years

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Bought a car</b>					
Never ue. in household	9	12	7	17	7
Head of HH currently unemployed	0	5	4	8	6
<b>Gave up the car</b>					
Never ue. in household	5	4	6	2	5
Head of HH currently unemployed	6	10	14	5	8

<sup>31</sup> We cannot enter here into the arguments about the attitudes of poor people often labeled as profligate or showing lack of foresight. It may be the case, though, that the new opportunity to purchase a (maybe used) washing machine or car is a sort of compensation for other problems, or the realization of an old dream even if it means extra hardship in other respects.

Table 5.2.  
Percentage rate of households having short-term debt and being unsure of paying it back

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Having short-term debt</b>					
Never ue. in household	13	33	15	6	9
Head of HH currently unemployed	33	13	16	26	12
<b>Unsure to pay back (in % of those having a debt)</b>					
Never ue. in household	23	22	28	10	32
Head of HH currently unemployed	50	73	44	56	37

The objective situation provides clear justification for the unemployed feeling poor and feeling that they have much greater difficulties in covering their needs than 'safe' families. The lower part of Table UE.8 presents some data about these feelings. It is hard to compare the 'objective' and the 'subjective' distance between the unemployed and the others. Some data suggest that the feeling of deprivation may be even stronger than the 'real' difference. Table 5.3 points in this direction. The unemployed are far more overrepresented among the subjectively than the objectively poor.

Table 5.3.  
The likelihood of households with an unemployed head belonging to the bottom income decile, to the group of the subjectively absolutely poor, and to those who have the greatest hardships in covering needs as compared to families never having unemployment. (Multipliers, 'safe' households = 1)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Likelihood of being in a bad situation when head of HH currently unemployed</b>					
If there never was ue. in household	1	1	1	1	1
Increased likelihood of getting into the bottom income decile	4	2	2	3	2
Increased likelihood of being subjectively absolutely poor	10	4	4	26	5
Increased likelihood of having great hardship in covering needs	9	4	4	9	3

It seems to us that strong feelings of being poor or deprived are conditioned not only by currently low income but also by deteriorating conditions, the sense of various losses, and by the anxieties caused by increased uncertainties. Table UE.9 shows a series of data about the feelings of deteriorating conditions. The usual pattern - present unemployment causing stronger feelings of deterioration than past unemployment, and the unemployment of the head of household causing particularly bad situations - appears in this table, too. In Germany the tendency is there but deteriorating nutrition and clothing are scarce in all the households while frequent elsewhere. However, the other variables about deterioration or the overall feeling of being a loser show high values everywhere.

On the basis of the data relating to the past and present position of households it is possible to make indirect conjectures about the changing social distance between the households hit by unemployment and the others. One of the questions rated how the family succeeded in making ends

meet at the time of the interview (early 1995), three years earlier, and how they expected to fare three years later. The ratings for the past were relatively close to each other. Households experiencing unemployment gave a slightly lower rating but this may be caused by their different social composition even at that time (Table UE.10). In order to control for this possible distortion, we analyzed separately some more homogeneous groups, out of which we present the result relating to skilled workers (Table UE.11). It becomes then very clear that households who are now wide apart from each other because of the incidence and consequences of unemployment had been much more similar in the past. This is true for the whole population, and particularly true for skilled workers. Their self-assessment was practically identical to others in the past, but by the time of the survey unemployment in the household and particularly the joblessness of the head put them at a distance from the other households in this group. In Table UE.10 relating to the whole sample we present also some data for the future. Optimism as already shown in former chapters is at a low ebb: people do not expect to get back to the relative affluence of former years. It is to some extent reassuring that at least in this respect the currently unemployed are, if anything, more optimistic than the 'safe' families. They expect a slightly larger improvement than the 'safe' households.

The feeling of anxiety may be related for instance to the uncertainty of being able to pay back debts as already mentioned. But there are also marked differences between the households in their opinion about income, job or other securities<sup>32</sup>. There was a series of questions about the importance of different securities and the degree to which people felt these securities were assured. In both instances the assessment was made on a scale of 7 points. The means of expressing the importance of security hardly vary with unemployment: security is important for everybody. The assessments differ significantly, though, among the groups affected in various ways by unemployment when the question is how secure they feel about a given security. The ratio of those who gave a score of 1 or 2, meaning that the security in question is very shaky, can be considered an expression of anxiety. These households hit by unemployment may obviously feel that the job situation is very insecure. This however applies essentially to the heads (who gave the answer probably based on their own situation even though it was asked in a general way). Past unemployment also influences this feeling. Income insecurity is much more strongly felt by all the households with unemployment than by the others, especially if the head is unemployed (with the exception of Germany), but past unemployment is not crucial from this perspective. The future of the children preoccupies the unemployed more than the others, but the gap is not very large. In this case it is interesting to observe that in two countries (the Czech Republic and Hungary) the anxiety about the future of the children is greater when it is not the head who is unemployed. Apparently in those families the children are without a job and this is causing additional concern for their future.

A last indication of the feeling of anxiety is the way people cope with a given situation. Coping strategies will be analyzed in detail in Chapter 7. It will be shown that there are offensive, defensive and crisis strategies demanding more or less skill and assets, or sometimes entailing lasting losses for the sake of short-term gains. Crisis coping -- when for instance one is forced to sell at a low price some possessions -- belongs to this last category. The households affected by unemployment use the other two coping strategies less than the safe households, while crisis coping is more frequent among them. (There is some overlap between this finding and assistance: crisis coping includes also recourse to asking for assistance.)

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<sup>32</sup> On the opinions on the importance of securities and freedoms see Chapter 9 and Ferge 1996a and 1996b. Here we mention only some elements of this complex issue.

## e. Social networks

It is widely known that unemployment weakens social networks. Our data - admittedly scarce on this issue - confirm this cliché but only partly. As Table UE.13 shows, the households hit by unemployment are not able to give as much help to their families as under normal conditions, particularly when the head is jobless. However, the difference is not as great as in most other relationships we have dealt with. Also, when unemployment is in the past, they 'catch up' in terms of giving help. This may stem from a feeling of reciprocal obligation because the help given by the family (and also by friends or neighbors) to the household when in trouble, especially when the head is unemployed. In fact, the joblessness of other persons does not seem to invite particular compassion.

We have also some indications that the unemployed are more likely to withdraw from public life than others. The lower part of Table UE.13 presents data on the ratio of those who were members of some organization (including the 'party' or trade unions) in 1990, and who have been joiners a the time of the interview. Those hit now by unemployment behaved quite similarly to everybody else in 1990. By the time of the survey there was an overall drop in membership, but the withdrawal was much more manifest in case of the unemployed, particularly of unemployed heads, than the others. (In 3 countries the ratio of non-joiners is over 80, in one country well over 90 per cent). This finding just confirms the known fact that the political weakness of the unemployed is partly due to the fact that they do not or cannot represent an organized force.

### ***5.3. A complex overview of the factors related to unemployment***

The detailed data presented above gave an insight into some stronger and weaker relationships. A multivariate analysis (using linear regression) was also performed also in this case to show the relative importance of the various factors<sup>33</sup>. For the purpose of this analysis we formed several groups of variables. The first group comprised demographic factors; the second labor market ones; the third included economic conditions; the fourth the subjective assessment of poverty; the fifth the variables relating to the evaluation of the changes (see the explanation to Tables UE.14 and 15.) We checked the explanatory force of each group of variables separately, and included all significant variables in the last equation.

The equations were run for both groupings of unemployment (past and present, Table UE.14; heads of households and others, Table UE.15). The part of the variance explained is not very high either for the separate groups or for the combined equations and their order of magnitude is similar. (It is only in case of Slovakia that, for some unknown reason, we got more significant results when we analyzed present unemployment than the factors influencing past and present joblessness.) In both analysis there is a relationship between the size of the unemployment in the country and the variance explained. This last indicator (the adjusted R square) is for instance the highest for Germany followed by Poland and Hungary, with much lower values for the Czech Republic.

The structure of the variables is also similar. The same types of factors have a greater or smaller influence both on past and present unemployment and the unemployment of the head or others. It is true for all the countries that demographic factors have little importance. The second least important group is composed of the variables relating to the evaluation of change with the significant exception of Germany. In Germany (with high and probably lasting joblessness) unemployment

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<sup>33</sup> The use of linear regression in this case may be justly objected on methodological grounds. For instance the two dependent variables to be explained (past and present unemployment or the person unemployed at present) are not an adequate level of measurement. The procedure should be considered an experiment giving some insight on the social background of unemployment.

seems to be a very potent factor in creating a sense of being winner or loser. The 'causal' factors (economic activity) are moderately important but the impact of unskilled workers appears in all five countries in case of the presence - at some time - of unemployment, and in four countries connected to the unemployment of the head of household. The consequences - economic conditions and feelings of poverty - appear relatively strongly in all the equations, maybe slightly more strongly when both past and present are taken into account.

To sum up the above findings, it appears to be important to analyze the impact of unemployment not only on individuals but also on households. Two conclusions emerge clearly. Even if unemployment is an incident of the past it marks the families in many ways. And it is demonstrated without any doubt that it is of prime importance whether the head of household is him/herself a victim of unemployment or 'only' other members. Unemployment impacts on objective conditions and subjective feelings in either case but the situation is much worse if the head of the household becomes unemployed.

## Tables Chapter 5

Table UE.1.

The percentage distribution of households according to current and former unemployment (UNEMPR). (Countries ranked according to the unemployment rate).

	Germany	Hungary	Poland	Slovakia	Czech Rep.	Region, average
Unemp now in HH	31	24	24	17	7	21
Unemp only earlier	23	23	16	22	19	20
Never, anybody	46	53	60	61	75	59
Total,%	100	100	100	100	100	100
Out of it: Rate of HH hit by unemployment at some time	54	47	40	39	25	41
Total,n	659	765	621	711	739	3495

Table UE.2.

The percentage distribution of households according to the member affected by current unemployment (UEWHOPR). (Countries ranked according to the unemployment rate).

Who is unemployed now	Germany	Hungary	Poland	Slovakia	Czech Rep.	Region, average
Head of household	17	14	11	7	3	10
Only others	14	10	13	10	4	11
Nobody	69	76	77	83	93	79
Total,%	100	100	100	100	100	100
Out of it: Rate of HH hit by unemployment now	31	24	24	17	7	21
Total, n	711	621	765	739	659	3495

Table UE.3.

The demographic characteristics of households according to the two groupings (Unemployment now or earlier; head or other unemployed). Means or % within the group.

	All non- pensioner house- holds	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp. now
		Average size of households (Means)					
Czech Rep.	3.3	3.8	3.8	3.2	3.4	4.1	3.3
Poland	3.9	4.4	3.9	3.6	3.8	4.8	3.7
Hungary	3.4	3.6	3.6	3.2	3.3	3.9	3.3
Germany	2.6	2.6	2.9	2.5	2.2	3.1	2.6
Slovakia	3.7	4.1	3.7	3.6	3.5	4.5	3.6
		Average number of children under 18 (Means)					
Czech Rep.	1.1	1.3	1.4	1.0	1.3	1.2	1.1
Poland	1.3	1.5	1.3	1.2	1.5	1.5	1.2
Hungary	1.1	1.2	1.1	1.1	1.2	1.1	1.1
Germany	0.7	0.6	0.9	0.6	0.5	0.9	0.7
Slovakia	1.3	1.4	1.3	1.3	1.4	1.4	1.3
		% of single person households (within each cell)					
Czech Rep.	6	7	4	6	17	0	6
Poland	5	2	2	7	5	0	6
Hungary	9	8	4	11	14	0	9
Germany	17	15	12	21	29	0	18
Slovakia	4	2	4	5	4	0	5
		Average age of the head of household (Mean)					
Czech Rep.	41	42	39	42	43	42	41
Poland	41	40	40	42	38	42	42
Hungary	42	40	42	42	38	42	42
Germany	43	44	40	43	45	44	42
Slovakia	42	42	40	42	40	43	41

Table UE.4.

Some labor-market characteristics of households according to the two groupings (Unemployment now or earlier; head or other unemployed). % within the group.

	All non- pensioner house- holds	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp. only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp. now
<b>% of heads of HH having only primary education or less (within each cell)</b>							
Czech Rep.	8	16	12	7	28	8	8
Poland	24	41	11	21	43	38	19
Hungary	21	30	18	19	38	19	19
Germany	18	26	20	11	34	20	14
Slovakia	7	9	6	7	12	7	6
<b>% of heads of HH who are agricultural or unskilled workers (within each cell)</b>							
Czech Rep.	27	54	36	23	56	52	25
Poland	15	30	18	8	46	18	10
Hungary	27	42	26	20	48	33	22
Germany	9	14	11	5	22	5	7
Slovakia	18	19	20	17	26	19	18
<b>% of heads of HH with higher education (within each cell)</b>							
Czech Rep.	17	7	15	18	0	12	17
Poland	11	3	12	14	3	4	14
Hungary	15	6	15	19	3	11	17
Germany	21	11	22	27	12	10	25
Slovakia	18	7	16	22	6	7	21
<b>% of heads of HH who are upper white-collars or owners (within each cell)</b>							
Czech Rep.	23	9	20	26	11	8	24
Poland	12	5	13	14	1	8	14
Hungary	17	5	16	23	5	6	20
Germany	13	7	10	18	8	6	15
Slovakia	25	20	21	27	0	20	25
<b>% of heads of HH who have a private venture (within each cell)</b>							
Czech Rep.	24	18	27	24	6	27	25
Poland	14	5	19	16	3	7	16
Hungary	21	12	22	24	5	22	23
Germany	10	4	12	14	2	6	13
Slovakia	17	9	19	18	0	15	19
<b>% of HH living in villages (within each cell)</b>							
Czech Rep.	35	48	34	34	50	46	34
Poland	40	50	29	39	43	53	37
Hungary	38	49	34	35	52	43	35
Germany	-	-	-	-	-	-	-
Slovakia	59	63	53	60	61	64	58



Table UE.5a.

The equivalent income of households in USD according to current and former unemployment (UNEMPR).

When was there unemp.	Czech Rep.	Poland	Hungary	Germany	Slovakia
Unemp now in HH	138	74	116	768	99
Unemp only earlier	162	117	153	866	132
Never, anybody	190	132	181	1114	135
Country, total	181	116	159	949	128

Table UE.5b.

The equivalent income of households in USD according to the member affected by current unemployment (UEWHOPR).

Who is unemp now	Czech Rep.	Poland	Hungary	Germany	Slovakia
Head of household	133	63	104	707	83
Only others	141	82	135	846	110
Nobody	184	130	173	1035	134
Country, total	181	116	159	949	128

Table UE.6.

The equivalent income of single parent households according in some groups affected or unaffected by unemployment (in USD).

	In all households	If there is unemployment now	If head is unemployed	If never anybody unemployed
<b>Single parents</b>				
Czech Rep.	139	-	-	141
Poland	85	59	45	95
Hungary	132	85	83	138
Germany	645	471	418	735
Slovakia	99	80	79	104
<b>Not single parents</b>				
Czech Rep.	185	138	133	194
Poland	118	75	65	135
Hungary	161	118	106	185
Germany	979	794	742	1150
Slovakia	139	101	84	138

Table UE.7.

The income and assets of households according to the two groupings (Unemployment now or earlier; Head or other unemployed). % within the group.

	All non- pensioner house- holds	When was ue. in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp. now
% in lowest equivalent income decile (within each cell)							
Czech Rep.	11	24	18	8	31	18	10
Poland	12	23	7	9	31	16	9
Hungary	11	29	4	5	42	10	5
Germany	14	18	19	8	26	9	11
Slovakia	11	26	9	7	36	19	8
% in highest equivalent income decile (within each cell)							
Czech Rep.	14	5	12	16	6	5	15
Poland	10	2	7	15	3	1	13
Hungary	14	6	12	18	6	7	16
Germany	14	4	9	23	2	6	18
Slovakia	12	6	14	13	0	10	13
% of households with fluctuating income (within each cell)							
Czech Rep.	9	23	13	7	39	12	8
Poland	23	26	20	23	37	17	23
Hungary	12	20	13	8	21	19	9
Germany	12	18	19	6	24	11	10
Slovakia	15	21	26	10	25	19	14
% of households who could not save (within each cell)							
Czech Rep.	42	74	51	37	83	68	40
Poland	83	94	82	78	98	92	79
Hungary	78	87	75	76	88	84	76
Germany	45	66	46	31	77	53	36
Slovakia	60	73	62	55	80	69	57
% of households getting assistance (ue. benefit included) (within each cell)							
Czech Rep.	12	50	20	6	61	42	9
Poland	19	57	19	4	61	53	7
Hungary	23	67	11	7	67	68	8
Germany	34	88	26	2	93	81	9
Slovakia	12	59	8	1	63	55	3

Table UE.8.

The living conditions of households and their assessment according to the two groupings (Unemployment now or earlier; Head or other unemployed). % within the group.

	All non- pensioner house- holds	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp. now
% of households with low quality flat (1 and 2 on a scale of 5, within each cell)							
Czech Rep.	10	23	14	7	28	19	8
Poland	25	38	19	22	46	30	22
Hungary	14	21	14	11	22	21	12
Germany	12	16	16	7	22	8	11
Slovakia	14	18	17	11	19	16	13
% of households without indoor toilet (within each cell)							
Czech Rep.	4	5	4	3	6	4	3
Poland	24	33	19	22	36	31	22
Hungary	11	21	8	6	30	10	8
Germany	7	9	6	6	14	3	6
Slovakia	6	7	6	5	12	3	6
% of households having 0-3 of durable goods (within each cell)							
Czech Rep.	19	34	20	17	33	35	18
Poland	35	54	30	28	68	43	29
Hungary	26	41	20	22	52	25	22
Germany	7	10	6	6	15	4	6
Slovakia	24	33	24	22	45	25	23
% of households in subj. absolute poverty (within each cell)							
Czech Rep.	6	28	3	4	39	20	4
Poland	15	27	14	10	38	19	11
Hungary	13	26	11	8	32	18	9
Germany	6	14	5	1	26	1	2
Slovakia	4	8	5	3	15	4	3
% of households having difficulties in covering needs (COVER,1) (within each cell)							
Czech Rep.	8	30	11	5	44	19	6
Poland	24	43	22	16	56	33	18
Hungary	19	34	20	11	43	21	14
Germany	9	16	11	3	28	3	5
Slovakia	20	37	19	15	50	29	16

Table UE.9.

The rate of households feeling subjective deterioration according to the two groupings (Unemployment now or earlier; Head or other unemployed). % within the group.

	All non- pensioner house- holds	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp. now
<b>% of HH assessing nutrition as worse (within each cell)</b>							
Czech Rep.	15	33	21	12	56	19	14
Poland	29	47	30	22	56	39	24
Hungary	33	44	35	27	48	40	29
Germany	3	5	6	0	6	3	2
Slovakia	28	43	23	26	51	37	25
<b>% of HH assessing clothing as worse (within each cell)</b>							
Czech Rep.	18	39	23	15	44	36	16
Poland	43	60	49	35	65	56	38
Hungary	49	64	48	43	66	62	44
Germany	2	4	2	0	7	1	1
Slovakia	36	50	33	33	54	47	33
<b>% of HH assessing their income as decreasing (within each cell)</b>							
Czech Rep.	28	39	30	27	50	31	28
Poland	44	53	48	39	61	46	41
Hungary	55	64	60	49	63	66	52
Germany	24	39	27	12	43	35	17
Slovakia	44	61	41	40	69	55	41
<b>% of HH with no or downward mobility (POSSHAPE linear or rev.U) (within each cell)</b>							
Czech Rep.	23	37	24	21	41	33	22
Poland	42	47	41	36	64	52	37
Hungary	46	53	45	43	57	41	43
Germany	22	37	29	11	46	26	15
Slovakia	36	58	32	32	55	59	32
<b>% of HH assessing themselves as losers (within each cell)</b>							
Czech Rep.	30	43	32	29	59	32	30
Poland	56	67	58	51	77	60	52
Hungary	64	71	63	61	72	71	61
Germany	34	55	34	20	66	40	25
Slovakia	50	65	50	46	66	64	47

Table UE.10.

The feeling of insecurity in households according to the two groupings (Unemployment now or earlier; Head or other unemployed). % within the group.

	All non-pensioner households	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp, now
<b>Income security low: % of HH giving score 1 and 2 in each cell</b>							
Czech Rep.	16	43	14	15	59	36	15
Poland	26	49	24	18	71	30	19
Hungary	25	45	23	16	57	33	18
Germany	20	29	17	15	36	20	16
Slovakia	21	37	21	17	59	23	18
<b>Housing security low: % of HH giving score 1 and 2 in each cell</b>							
Czech Rep.	12	23	13	10	22	23	11
Poland	11	20	11	7	24	18	8
Hungary	7	13	6	4	15	10	5
Germany	14	15	13	13	21	9	13
Slovakia	5	8	9	3	10	7	5
<b>Job security low: % of HH giving score 1 and 2 in each cell</b>							
Czech Rep.	21	45	29	17	70	35	19
Poland	17	35	25	10	79	25	14
Hungary	14	21	18	10	55	14	13
Germany	31	42	36	22	61	32	27
Slovakia	13	33	11	10	79	17	10
<b>Security of future of children low: % of HH giving score 1 and 2 in each cell</b>							
Czech Rep.	22	43	26	18	31	50	20
Poland	31	54	26	21	70	42	22
Hungary	25	35	29	18	33	40	21
Germany	21	23	22	19	26	20	20
Slovakia	21	38	19	15	46	34	17
<b>% of HH using defensive coping* (within each cell)</b>							
Czech Rep.	28	48	34	24	61	39	26
Poland	51	68	60	42	80	59	46
Hungary	45	63	48	35	72	49	39
Germany	23	32	30	14	42	21	19
Slovakia	34	44	37	31	51	40	32

\* see Chapter 7 for definition

Table UE.11.

The average scores for making ends meet (MAKEEND, scale of 5) for the past, the present and the future. All non-pensioner households.

	If never anybody unemp	If there is unemploy now	If head is unemp	If never anybody unemp	If there is unem- ployment now	If head is unem- ployed
Average scores(midpoint=3)			Never ue=100			
Ratings for the past (MAKEEND1)						
Czech Rep.	3.4	3.2	2.9	100	94	85
Poland	3.1	3.0	2.9	100	97	94
Hungary	3.4	3.1	3.1	100	91	91
Germany	3.5	3.4	3.4	100	97	97
Slovakia	3.5	3.4	3.3	100	97	94
Ratings for the present (MAKEEND2)						
Czech Rep.	3.3	2.5	2.2	100	76	67
Poland	2.5	1.8	1.6	100	72	64
Hungary	2.7	2.0	1.9	100	74	70
Germany	3.5	2.6	2.2	100	74	63
Slovakia	3.0	2.4	2.1	100	80	70
Ratings for the future (MAKEEND3)						
Czech Rep.	3.4	2.8	2.4	100	82	71
Poland	2.7	2.3	2.1	100	85	78
Hungary	2.6	2.2	2.2	100	85	85
Germany	3.6	2.7	2.4	100	75	75
Slovakia	3.0	2.6	2.4	100	87	80

Table UE.12.

The average scores for making ends meet (MAKEEND, scale of 5) for the past and the present; only households in which the head is skilled worker.

	If never anybody unemployed	If there is unemploy ment now	If head is unemploye d	If never anybody unemployed	If there is unemploy ment now	If head is unemployed
	Average scores(midpoint=3)			Never ue=100		
	Ratings for the past (MAKEEND1)					
Czech Rep.	3.5	3.7	3.4	100	106	97
Poland	2.9	2.9	3.0	100	100	103
Hungary	3.4	3.2	3.2	100	94	94
Germany	3.3	3.4	3.4	100	103	103
Slovakia	3.5	3.5	3.7	100	100	106
	Ratings for the present (MAKEEND2)					
Czech Rep.	3.2	2.4	2.2	100	75	69
Poland	2.5	1.8	1.7	100	72	68
Hungary	2.6	2.3	2.2	100	88	85
Germany	3.4	2.6	2.3	100	76	68

Slovakia	3.0	2.4	2.0	100	80	67
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Table UE.13.

The social network and coping of households according to the two groupings (Unemployment now or earlier; Head or other unemployed). % within the group.

	All non- pensioner house- holds	When was ue in HH (UNEMPR)			Who is ue. now (UEWHOPR)		
		Unemp now in HH	Unemp only earlier	Never, anybody	Head of HH unemp	Only others unemp	Nobody unemp, now
	% of HH giving help to family (within each cell)						
Czech Rep.	38	25	41	39	28	23	39
Poland	34	21	33	40	18	24	39
Hungary	43	37	43	46	32	44	45
Germany	18	16	22	17	14	19	19
Slovakia	33	28	37	33	22	32	34
	% of HH getting help from family(within each cell)						
Czech Rep.	24	25	27	23	33	19	24
Poland	15	20	17	12	29	14	13
Hungary	38	39	36	38	35	43	38
Germany	19	22	23	15	28	14	18
Slovakia	48	46	53	46	63	35	48
	% of HHH joining not joining any organisation in 1990 (within each cell)						
Czech Rep.	45	52	45	44	50	55	44
Poland	74	76	65	75	79	71	73
Hungary	67	66	71	65	71	60	67
Germany	55	55	49	57	60	49	54
Slovakia	35	36	35	35	47	29	35
	% of HHH joining not joining any organisation in 1995 (within each cell)						
Czech Rep.	57	66	57	56	61	69	56
Poland	80	85	79	79	94	78	79
Hungary	76	82	78	73	88	75	75
Germany	71	78	69	66	84	70	67
Slovakia	52	58	52	51	64	53	51

Table UE.14.

The main results of the linear regression analysis to explain the variations according to present or past unemployment in HH (UNEMPR)

Independent variables	Czech Rep	Poland	Hungary	Germany	Slovakia
<b>Adj.R squares</b>					
Family, demography	1.6	1.6	1.1	0.0	0.3
Economic activity	4.6	11.6	5.4	7.5	4.8
Economic conditions	6.4	13.6	13.1	15.1	4.8
Subjective poverty	6.5	8.1	9.1	18.7	4.0
Evaluation of change	6.9	4.1	4.6	15.2	2.1
All sign. variables	7.6	17.4	13.9	22.9	6.6
<b>The most significant explanatory variables</b>					
<b>Family, demography</b>					
Sign on *** level	-	-	-	-	-
Sign on * or ** level	upto18	single age1 (40+)	-settle	-	-
<b>Economic activity</b>					
Sign on *** level	UNSKILL	SKILLED UNSKILL EDUC	-	-	HIGHPR SKILLED UNSKILL
Sign on * or ** level	skilled	-	highprof unskill	ventyes unskill skilled	ventyes
<b>Economic conditions</b>					
Sign on *** level	-	INCOME	INCOME	INCOME SAVE	INCOME
Sign on * or ** level	flat save	-	-	-	-
<b>Subjective poverty</b>					
Sign on *** level	-	MAKEEN D	-	MAKEEN D POVER	MAKEEN D
Sign on * or ** level	makeend probnum	pover probnum	makeend pover probnum	-	-
<b>Evaluation of change</b>					
Sign on *** level	-	-	-	WINLOS REGIME	-
Sign on * or ** level	nutr costcom regim	nutr	nutr regime	regime	winlos
<b>All variables</b>					
Sign on *** level	-	UNSKILL INCOME	INCOME	WINLOS	-
Sign on * or ** level	nutr	flat2	highprof	maxeduc save income pover	highprof unskill income

\* See definition of variables at the end of Table UE.15

Table UE.15.



The main results of the linear regression analysis to explain the variations according to whether the head or other members in the HH are unemployed

Independent variables	Czech Rep	Poland	Hungary	Germany	Slovakia
<b>Adj.R squares</b>					
Family, demography	0.9	1.1	1.6	0.4	0.2
Economic activity	2.9	12.0	6.0	7.7	12.4
Economic conditions	3.9	15.9	14.2	13.6	8.1
Subjective poverty	5.8	10.5	9.3	21.1	5.8
Evaluation of change	4.3	4.7	4.7	14.3	3.3
All sign. variables	5.0	18.2	14.7	23.8	12.2
<b>The most significant explanatory variables</b>					
<b>Family, demography</b>					
Sign on *** level	-	-	-	-	-
Sign on * or ** level	-	age (40+)	-settle	-	-
<b>Economic activity</b>					
Sign on *** level	-	SKILL UNSKILL EDUC	-	-	HIGHPRO F SKILL UNSKILL VENTYES
Sign on * or ** level	unskill	-	ventyes	unskill ventyes	-
<b>Economic conditions</b>					
Sign on *** level	-	INCOME	INCOME	INCOME SAVE	INCOME
Sign on * or ** level	flat save	flat altoget	-	hasnum	hasnum
<b>Subjective poverty</b>					
Sign on *** level	-	MAKEEN D	-	MAKEEN D POVER	MAKEEN D
Sign on * or ** level	makeend pover probum	pover probum	makeend pover probum	-	pover
<b>Evaluation of change</b>					
Sign on *** level	-	-	-	WINLOS CLOTH	-
Sign on * or ** level	nutr costcom regim	nutr costcom	nutr regime	regime	winlos
<b>All variables</b>					
Sign on *** level	-	UNSKILL INCOME	INCOME	WINLOS POVER	UNSKILL INCOME
Sign on * or ** level	flat	-	pover	maxed	highprof ventyes makeend

**Variables in the detailed (partial) analyses:**

## Family, settlement:

TOWNVIL	Type of settlement (Town or country) (SETTLE in Tables)
AGECOH1	Age of HH: under/over 40
UPTO18	Number of children under 18
SINGLEX	HH type single
SINGPAR	HH type single parent

## Economic activity:

MAXEDUC	Highest educational level in household (adults only)
UNSKIL1	Is the head of HH unskilled worker (UNSKILL in Tables)
SKILL1	Is the head of HH skilled worker (SKILLED in Tables)
HIGHP1	Is the head of HH upper white collar, big owner (HIGHPROF in Tables)
VENTYES	Private venture now

## Economic conditions:

IUNIT5	Equivalent income quintiles (INCOME in Tables)
FLAT2	Housing conditions-now - 5 point scale
HASNUMC	How many goods owned
ALTOGETH	Amount of money obtained by selling everything
SAVE	Could the HH save money in 1994?

## Subjective poverty:

POVER	Subjective poverty recoded
PROBNUM	Number of problems with housing costs
MAKEEND2	Make ends meet-now . 5-point scale,

## Evaluation of change:

NUTR	Nutrition is better or worse
CLOTH	Clothing is better or worse
WINLOS	Gained or lost in income and social position
REGIME	Present regime is better or worse
COSCOM	Coverage of housing costs - more or less difficult

**Variables in the combined analysis:**

MAXEDUC	Highest educational level in household (adults only)
IUNIT5	Equivalent income quintiles
VENTYES	Private venture now
TOWNVIL	Type of settlement (Town or country)
FLAT2	Housing conditions-now - 5 point scale
UNSKIL1	Is the head of HH unskilled worker
HIGHP1	Is the head of HH upper white collar, big owner
CLOTH	Clothing is better or worse
SAVE	Could the HH save money in 1994?
WINLOS	Gained or lost in income and social position
NUTR	Nutrition is better or worse
POVER	Subjective poverty recoded
MAKEEND2	Make ends meet-now, 5-point scale,

## Chapter 6

### Social policy

*Zsuzsa Ferge*

Much is known today about the strengths and weaknesses of former, "state socialist" social policy, although evaluations may vary. In the perspective shared by many neo-liberal economists, it was a "premature" and unaffordable welfare state. It also had an allegedly debilitating effect because it assured too much security while rendering personal efforts futile.

In the leftist liberal perspective, widespread social security and social services helped those countries to develop human resources and to decrease deep pre-war poverty. The main drawback of state socialist social policy was not profligacy but its characteristics related to totalitarian politics, namely and especially the lack of democracy in the operation of the system on the one hand and the absence of systemic autonomy on the other.

In contrast to the common accusation of lavishness, most social benefits remained on such a low level that almost nobody could manage on social benefits alone. Also, many needs went unrecognized and unattended. To say that people were spoilt by too much caring is therefore a hasty judgment. The contrary would be closer to the truth.

The real problem with state socialist social policy in the leftist liberal perspective was that similar to all other processes of policy-making, social policy was shaped by the central power with no participation or control by citizens. This style of policy development produced an over-centralized system largely insensitive to individual predicaments. (Social work in the modern sense was absent from the scene practically everywhere.) The emphasis was on developing "big" systems encompassing and controlling practically everybody, such as pensions, family benefits, health and education. All these provisions were employment-related, serving (in addition to other perks) as bait to take jobs. Hence provisions for troubles affecting smaller groups such as single parents, the handicapped, or individuals and families in crisis were inadequate or entirely missing. And there was certainly no provision for the unemployed and their families. (Although not large, unemployment was never completely eliminated.) Moreover--again in accordance with totalitarian logic--social problems that did not uphold an image of effective central power were declared solved and hence non-existent. Thus the existence of poverty, homelessness and unemployment was vigorously denied, allowing no public discourse of these problems and certainly no central provision for them. Those trying to make a public issue of them were themselves considered political offenders.

The absence of systemic autonomy implied that social policy was not recognized as a social subsystem with relatively autonomous aims and instruments. It was made -- like economic policy, law, and so on -- a handmaiden of politics. To illustrate this point, a good example is employment policy. The trouble with state socialist employment policy was not the attempt to assure job security in and of itself. A number of countries, such as Austria, Sweden and Japan, endeavored for decades to maintain full employment without significant harm to economic growth or human freedom. They largely achieved this goal because they accepted the relative autonomy of the market and of democratic politics. Social policy did not replace these spheres, nor was it dominated by them, but rather it complemented or 'used' them. Under state socialism full employment was imposed on the centrally managed economy without regard for economic efficiency and on individuals without regard for individual freedom.

Despite these very basic drawbacks, and in contrast to politics or to economic policy, social policy developments were relatively organic and legitimate, and they fulfilled many of the functions

of a "normal" welfare state. The various social benefit schemes, such as health and pension systems, were rooted in history. Unlike the political and the economic systems which had been artificially constructed and were forced on the 'satellite' countries by the Soviet Union, the social insurance legislation started to develop autonomously in each country from the end of the nineteenth or the beginning of the twentieth century, and followed by and large the German Bismarckian model (Voirin, 1993). Also, these schemes offered, together with full employment or job security policy, answers to age-old popular claims and aspirations. In the majority of countries (though, not the Soviet Union) the development of social benefit schemes followed from the 1960s on the models and guidelines offered by the west. As a result, social policy institutions were much more effective in fulfilling their particular functions -- developing human resources, combating poverty, promoting human emancipation, serving the modernization of human relationships -- than any other subsystem of policy. One can probably rightly say that these social policy developments were instrumental in preparing the human side of the transition and contributing to its peaceful, "velvety" character (Ferge 1995, Barr 1994).

Without doubt, the transition to a market economy and to political democracy needs to have an impact on former social policy. This is not the contended issue between the ideologically opposed groups. In the first view (neo-liberal or monetarist), though, the reform of social policy should start from the assumption that the former welfare arrangements were lavish and premature, and were based on erroneous principles. Hence the remedies are cutbacks and the rejection of former principles and institutions. The second approach (leftist liberal) begins meanwhile with the assumption that there is nothing wrong with broad social security *per se*. Reform is badly needed, however, for the sake of the relative independence of the market, as well as for more democracy, genuine citizen's rights, accountability of the state, transparency and adequacy of welfare arrangements. The objective of reform is not only to find better answers to various needs, the coverage of which is hampered by market failures, but to elaborate and implement social policies that benefit the transformation, such as the development of human resources, and that prevent as far as possible social disintegration, marginalization and pauperization. In this approach the neo-liberal path of reform may be seen as counterproductive for various reasons. It may hinder the unfolding of democracy because it ignores the will or the aspirations of the citizens. Simultaneously, the rapid withdrawal of the state presented as an end in itself may hasten processes of marginalization and pauperization of large groups without offering them future hopes. This, in turn, may harm social integration.

These intense debates reflect the fact that the new political elite has not clarified the role of the state under the new conditions, or indeed has not reflected on the nature of the society which is now being created. This inaction may be understandable if one takes into account the rapidity of the change and the unexpected arrival to power of many new political actors, but it is still a major weakness of the new regimes. It may lead to frequent central intervention (which may or may not be an inherited reflex of the past), or to the absence of it when most needed. It may also entail inconsistent legislation with mixed consequences. These problems are surfacing for instance in the reforms of the system of social security or social protection. In the absence of a clear representation of the desired outcome of the reforms and of the responsibility of the state in these matters, rational thinking and democratically based decisions have often been overshadowed by ideological fads.

With the help of the survey data we shall endeavor to substantiate some of the above opinions and to throw some light on the aspiration of citizens.

### **6.1. The role of social incomes**

It was already mentioned in Chapter 3 that social benefits play a huge role in income maintenance. Close to 80 percent of all the households in the countries investigated get some social income: around 70 percent do if the head is active, and 90 percent do if the head is inactive. The

between-country variation is slight when the head of the household is not active, while it is significant in case of active heads, with the lowest rate in Germany, and the highest one in the Czech Republic. Both cases are in remarkable contrast with wide-spread assumptions about the social policy of these countries: the Czech Republic is usually considered as the most 'liberal', while former East Germany is supposed to have acquired the characteristics of one of the most fully developed 'social market economies' (Table SP.1). In what follows, some data and some considerations will be presented attempting to give some explanation of this apparent contradiction.

### a. Pensions

Pensions constitute the most important benefit. In almost half of all *households* there is a pensioner. The ratio of pensioners in the *whole population* is between 16 and 26 percent, with the lowest rate in Slovakia (where the sample is the youngest and may not be fully representative), and the highest in Germany (26 percent), closely followed by Hungary. The ratio of households in which the only income source is a pension varies more, from 13 percent in Slovakia to 27 percent in Germany (Chart 6.1, Table SP.2).

Chart 6.1.  
Percentage of households with pensioners



In theory, retirement should take place at the pensionable age limit, which is still low in most countries of the region (60 years of age, or 60 for men and 55 for women). Table SP.3 shows that 5 to 26 percent of pensioners are under the possible lowest limit, with the lowest rate in Germany and the highest in Poland. It may be inferred from Table SP.4 that only Germany adjusted to western standards in terms of identical retirement age for men and women. In the other countries the majority of women receive pensions from 55 years onward. Also, because of various pressures, the majority of men in the 55-59 age-bracket also receive pensions, with the exception of the Czech Republic. The low age limit used to be one of the means to realize full employment. This was a relatively cheap solution before the maturation of the pension system and the improvement of pensions in the 1970s. Now, with high rates of unemployment, low pensionable age limits are an expensive solution and are hardly sustainable in the long run. The problem is particularly acute in Poland and Hungary, where close to 15 percent of the 25-54 age cohort is also on a pension. It should also be noted that access to pensions is relatively easy when over 60 years of age. Only in Germany and Poland are over 20 percent of men not on pension at this age. In Poland small farmers may not have a right to pension at this age, and in Germany the age limit may be higher<sup>34</sup> (Table SP 3 and 4).

<sup>34</sup> Here as elsewhere in this chapter it is a grave deficiency that we did not have access to the detailed regulations of the benefits. They have been changing relatively rapidly, though. At the time of the final revision of the text (early 1997), the pensionable age limit was already increased and on the way to be equalized in all the countries of the region.

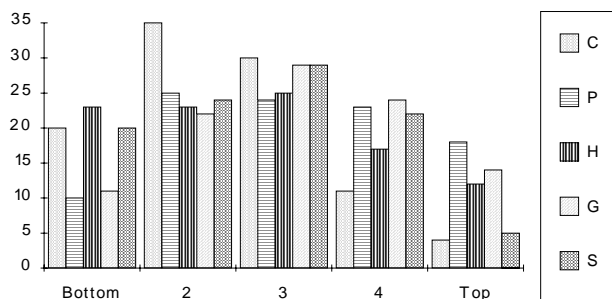
The relatively high rate of early retirement is partly due to the bad health of the population in the region, and partly it is an instrument to ease the consequences of unemployment, especially in countries where unemployment provisions are scanty. It may be assumed that there is no pressure for early retirement in the Czech Republic because unemployment is low and sickness benefit seems to be used instead. In Germany pressure is insignificant because unemployment benefits are decent. By the same token, the three countries with high unemployment and parsimonious unemployment benefits use early retirement to assure a livelihood at least for unemployed people who are sicker and older.

As already suggested, pensioners are not the poorest of the population. However, the average income level of households in which the head is a pensioner is significantly lower than in the households in which the head is active. The difference is between 9 and 28 per cent. The difference is the smallest in Germany (due to high pensions) and in Poland (due to low wages), and the greatest in Hungary and the Czech Republic ( Table SP.5).

The quintile distribution of the households shows in more detail that the lower average level of income of pensioners' households may in fact have different causes. Pensioners are particularly underrepresented in the Czech and Slovak Republics at the top, and in Poland and Germany at the bottom. In the two latter countries the risk of poverty of the elderly is half that of the population at large. It seems that this is due in Poland to the extremely low income of other groups (especially the unemployed and families with children, but also many actives, particularly in agriculture), while in Germany the level of pensions is particularly good. Even though the difference between the quintile distribution of pensioners and of the population in general does not look impressive, it is significant (Table SP.6). The most important characteristic of pensioners' households is that they are much more concentrated, having much lower income inequalities. The coefficients of variation (Table SP.7) are significantly lower in the case of pensioners' households than in the case of other households. This finding is not in itself a new phenomenon. However, the difference between the two dispersions seems to have greatly increased for at least two reasons. The differentiation of market incomes has become to a large extent deregulated with a consequent increase in inequalities, while many deliberate moves have been made to compress the dispersion of pensions. More precisely, several tendencies are at work. There are efforts to abolish the solidaristic elements of the pension system in order to make it more "market-conforming," that is, more closely related to wages. Such efforts would increase dispersion since market incomes are becoming more unequal. At the same time, there are attempts to scale down and compress the compulsory social insurance pension scheme in order to prompt people to join private or professional schemes. Thirdly, pensions had to be increased because of inflation. But because of limited resources, lower pensions were usually increased more significantly than higher ones in order to prevent the fatal impoverishment of those on low pensions. The two last tendencies seem to have been more powerful, hence the reduced differentiation of pensions ( Chart 6.2, Table 6).

Chart 6.2.

Rate of households where the head is a pensioner  
within equivalent income quintiles



The situation of pensioners may be differentiated by other factors, too, such as whether they live alone or in a family, whether they are male or female, how old they are and so forth. Out of these, we checked the impact of age, not only among pensioners, but also in the whole population (Table SP.8). The data show that in three countries people aged 60 to 71 years live in families where the equivalent income is 5 to 7 percent lower than the average, and the very old (over 70) fare even worse. The two countries where the pattern is different are Poland and Germany, for reasons already mentioned. Table SP.8 also suggests that income by age reveals a sort of reversed-U curve nearly everywhere.

## b. Family benefits

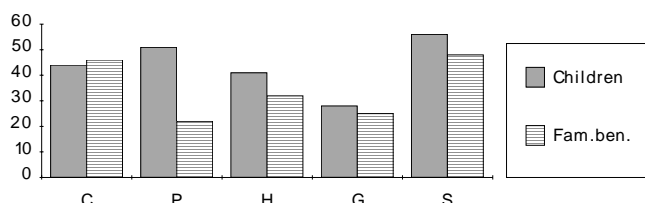
Child and maternity benefit constitutes the second most important benefit. Altogether 20 to 50 percent of households get family benefits (Chart 6.3, Table SP.9). The incidence of family benefits depends, obviously, on a number of factors: first, on the proportion of families with children, and second, on the rules giving access to family benefits. Apparently, the rules differ considerably among the countries in relation to the number and age of children and to the employment status and income situation of the parents. We focus here only on outcomes. In most cases we concentrate on families with children of an age up to the end of secondary school studies, because this is the age group most likely to permit access to family benefits. (The group excludes those children under 18 who do not continue their studies and, therefore, are usually not covered, and also students in higher education who may get family allowance.)

There is a twofold difference in the ratio of households with children, with a minimum of 28 percent in Germany and a maximum of 53 percent in Poland. The ratio of households getting family benefits shows a different pattern. A small group of no more than 2 to 4 percent of all households have only older children (for example, university students) and get benefit on this basis or, as in Hungary, get maternity benefit during pregnancy. And a varying percentage of households do not get any benefit at all despite the presence of children. In quite a few cases this low number may simply be a result of underreporting, particularly in Hungary, where children under 18 and in school were all legally entitled to family allowance at the time of the survey and where the final income level seems to include this benefit. However, in most countries families with a single child are less likely to receive benefits than others. Also, means testing seems to have spread. In Poland rules are apparently determined so that only a minority of households with children get family benefits, even though Polish households have the highest child density of all countries surveyed (Tables SP.9 and 10). In

other words, in the majority of countries most families with children are covered, while in Poland only slightly more than one-third of families are covered. Even in the case of three or more children, only half of the families get benefits there (Table SP.11).

Chart 6.3.

Percentage of households with children up to secondary school age and % getting family benefit



When analyzing the impact of family benefits and the situation of families with children, the basis of comparison must be decided upon. In many recent analyses the situation of *all childless families* is taken as a basis for comparison. In this case, the group of childless families becomes very heterogeneous, comprising pensioners and actives, young and old, potential parents and others. The relative position of children may then depend on the relative position of other groups, for instance pensioners. (If pensioners fare badly, families with children would look well off. ) Socially and statistically this practice does not always make sense. Therefore, in what follows we shall compare the situation of families with children to that of childless families that might have children. The last group will be defined by age: families with a head over 60 will be left out of these calculations. The choice of the age limit is of course arbitrary but makes practical sense. In the group with a head under 60 years of age, the regional average ratio of households getting family benefits is well over 40 percent, while this ratio is under 5 percent in the older cohort.

Despite widespread family benefits, households with children fare worse than others. In households where the head is under 60 and there is at least one child, the *per capita* income is about 30 percent lower than that of families without children. The difference is still large -- between 12 to 25 percent -- in the case of equivalent incomes presumably adjusted to the size of the household (Table SP.12). The situation of single parents -- usually mothers -- may be particularly difficult. In two countries it is slightly better than that of families with three or more children, and in three countries it is worse. In Germany (where unemployment hits single mothers particularly strongly) the situation of single mothers is considerably worse than the situation of any other family type. In general terms, with the exception of Hungary, single parents fare substantially worse than complete families; also, with the exception of Hungary and Germany, families with many children are in serious difficulty, having a living standard that is about half that of childless families. This finding casts grave doubts on the efficiency of family benefits, a program that seems to have been strongly curtailed in four countries. While it is true that single parents in many western countries face adverse conditions too, this model should not necessarily be imitated. ( Table 6.1 inserted in text.)



Table 6.1  
Equivalent income in families with children  
in % of households without children, head under 60

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<i>single parent</i>	69	42	81	63	66
<b>couple, 1 child</b>	89	56	90	90	89
<b>couple, 2 children</b>	78	48	86	76	74
<b>couple, 3 +children</b>	55	44	85	94	57

We shall presently return to the question of the impact of non-coverage in the context of targeting. Nonetheless, it should be noted at this point that on average only a small (non-significant) difference seems to exist between the income of households with children who get and who do not get benefits. In more refined breakdowns some differences surface. For instance, in Slovakia the average income of non-beneficiaries is significantly higher than that of beneficiaries. In the other countries, though, the difference in favor of non-beneficiaries is small, or (such as in Poland in the case of households with three or more children) those not getting family benefits fare much worse than the beneficiaries (Table SP.13).

The risk of child poverty is higher than average when the children are young. As Table SP.14 shows, families with children under six are the most strongly overrepresented in the lowest income quintile, and are less so when there are only older children. (The income of households with small children is about 10 percent lower than that of families with children in general.) It has to be added that young children are especially at risk when the families themselves are young (head under 30). Teenagers and young adults do not fare worse than the other members in the households with the significant exception of Germany. (Youth unemployment may be one of the causes, but the issue remains to be explored.)

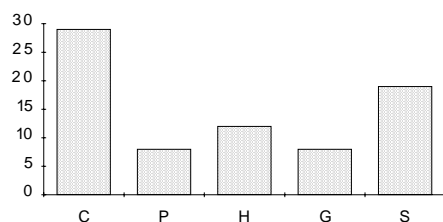
### **c. Sick pay**

As we pointed out earlier, countries differ in the availability of sickness benefits. The rate of earners who were on paid sick leave in the last month before the interview varies between 7 percent in Poland and 27 percent in the Czech Republic (Table SP.15). The second highest rate is to be found in Slovakia. Since in households with a non-active head the incidence of sick pay is low, more detailed variations are shown only for households whose head is active.

In most countries receipt of sick pay is more common among unskilled workers or lower status groups than on average, but the relationship is seldom very significant (Chart 6.4, Table SP.16). Only in the Czech Republic does this correlation become highly significant. Thus, it is not only the average rate that is exceptional in this country, but also the distribution of the beneficiaries. In the groups with low skills or low educational level, as many as 40 percent of households may receive sick pay. This exceptional rate supports the assumption that sick pay is probably used to cope with short spells of unemployment.

Chart 6.4.

Percentage of households with sick pay, with active head



The average income of households receiving sick pay is in most countries somewhat lower than the average, but the difference -- especially within given socio-professional groups -- is seldom significant. (Hence we do not present the data.)

#### d. Unemployment benefit<sup>35</sup>

Unemployment is very unevenly spread among the countries. Whether we analyze the ratio among adult members of the population or among households, Germany is the hardest hit with Poland closely following, and the Czech Republic is the best off. For many technical reasons, the method of calculation applied here differs from methods used in official statistics, but it may highlight better the situation of families. In households whose head is under 60, the regional rate of unemployment is over 15 percent and in older households about 3 percent (Table SP.17). Altogether, there is at least one unemployed person in around 14 percent of the households, and there are two or more without jobs in about 2 percent (Table SP.18).

The risk of unemployment is exceedingly high in households whose members have low skills or a low level of education. In those groups low on marketable cultural capital, unemployment may affect 35 to 40 percent of the households. In more fortunate countries and groups, the same ratio may be as low as 3 or 5 percent (Table SP.19.a and 19.b ).

The structure of the unemployed varies significantly among the countries. Unemployment is "feminized" only in Germany: in the other four countries the rate of males among the unemployed is around or slightly over 50 percent, while in Germany it is 38 percent, which leaves a female rate of 62 percent. However, the ratio and gender structure of adult dependents suggests that the reason for this high rate in Germany may be that in the other countries the final withdrawal of women from the labor market is a more prevalent tendency than in Germany (Table 6.2 inserted in text).

<sup>35</sup> Chapter 5 deals with employment-related problems in more detail. The variables and statistics used in Chapter 5 had been specifically constructed to highlight some new hypotheses. Hence the data presented in Chapter 5 and here are not strictly comparable, but the tendencies are identical.

Table 6.2.  
Unemployed and dependents

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Percentage of unemployed and dependents among the adult population</b>					
Unemployed	3	10	10	15	6
Dependents	13	19	14	6	14
<b>Percentage of women within unemployed and dependents</b>					
Unemployed	49	44	40	62	47
Dependents	64	64	65	49	53

The young (under 25) are largely overrepresented in all countries among the unemployed. These figures must be again interpreted in relation to the structure of dependents. If first entrants are not considered unemployed, the rate of the young unemployed may be misleading.

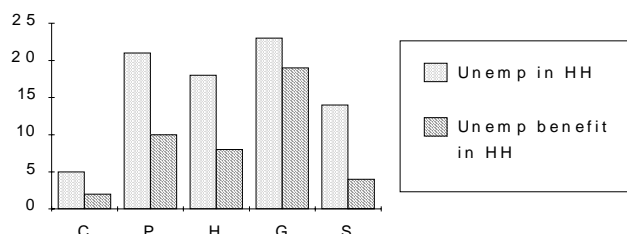
Most countries' success in handling unemployment is dubious. The reasons are lack of technique (there was no experience with open unemployment in the region) and lack of funds. In all the countries, the first shock of real unemployment was eased by extended and generous unemployment benefits. With the passing of time, the rules were made much more strict as the growth of joblessness created severe financing problems. At the same time, social rights -- especially those of the unemployed -- have remained defective.

In many countries with high joblessness, including economically highly developed countries, unemployment provisions are under attack because "they give something for nothing." In most European countries, however, the necessity of at least low level provision for the long-term unemployed is seldom questioned. In poor countries, where most wages are around the subsistence level, the social tensions created by non-reciprocal handouts are even greater. One of the known solutions is to keep unemployment benefit or assistance at a very low level, the other is to stop it altogether after a certain period. In each case, harsh conditions must be fulfilled (means testing, home visits, obligation of cooperation, and so on.) to get the benefit. The alleged rationale of low or no provision and of harsh conditions is the preservation of work incentives.

It is probable that the low level of available help and the harsh conditions deter many unemployed people from applying for benefits: in the survey a relatively high rate of households report unemployment but no dole. No doubt the accuracy of our data may be questioned. Around 2 percent of the households, for instance, declared that they had received unemployment benefit without mentioning unemployment which is unlikely - or implies cheating. It is also possible that some households failed to declare some forms of unemployment compensation. However, inconsistencies of this type usually create only minor distortions. In addition, the absence of compensation varies among countries in a way which seems to be consistent with the existing rules of access and levels of unemployment. Altogether 7 percent of all households in the sample report the occurrence of unemployment that is not compensated. This regional average varies between 3 and 11 percent by country (Table SP.20). This means that if we take into account only the households with unemployment, access to unemployment benefit is restricted to about half or less of the unemployed, with the exception of Germany ( Chart 6.5, Table SP.21).

Chart 6.5.

Percentage of households with unemployed members  
and of households getting unemployment benefit



Unemployment benefit, even if it is received, is usually very low. Hence, households with unemployed members fare very badly. Their equivalent income is about 30 percent lower than that of households without a jobless person. The situation in Poland is even worse. Whatever grouping we use, the income of households with an unemployed member is over 40 percent lower than that of the others (Table SP.22). Also, unemployed people are vastly (by a factor of two, or in Hungary and Slovakia, more than two) overrepresented everywhere among the poor (lowest quintile) and largely underrepresented at the top of the income pyramid. All other adult groups -- dependents included -- fare better than the unemployed. (The table refers only to adults. Children, including students, are left out of Table 6.3 inserted in the text.)

Table 6.3

Percentage of the adult population, of unemployed and dependents  
in the lowest and highest equivalent income quintiles

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Percentage belonging to the lowest income quintile</b>					
Among all adults	18	17	19	16	18
Among unemployed	<b>38</b>	<b>37</b>	<b>46</b>	<b>34</b>	<b>44</b>
Among dependents	25	23	25	19	20
<b>Percentage belonging to the top income quintile</b>					
Among all adults	21	23	21	22	22
Among unemployed	4	7	9	12	13
Among dependents	17	17	17	20	18

### e. Social assistance

Before the transition social assistance was a marginal instrument of social policy. This situation had several underlying rationales, some rooted in the original socialist tenets, others in dogmatic and dictatorial politics. According to the original tenets, social assistance is divisive and demeaning. Therefore, full employment, income from work and central redistribution are based essentially on universalistic principles and should cover people's needs. This theoretic position then became a dogma. As stated previously, social situations or individual troubles requiring social assistance, which continued to exist (even if on a reduced scale), were denied or ignored. In the last, more relaxed and pragmatic period of dictatorship, assistance started to regain ground at least in some countries. However, its acceptance remained half-hearted and haphazard. It remained a sort of illegitimate

offspring of the system, precluding public, official or even scientific discourse about it.

Although social assistance is still not central in social policy, the need for assistance is rapidly increasing with escalating poverty and unemployment. Its temporary acceptance is an inevitable social need. Its acceptance as a lasting dominant device of social policy is a corollary of the new ideology focusing on a minimal state and targeted redistribution.

The survey contained several unrelated questions about assistance that were asked in different contexts<sup>36</sup>. The answers, which may be considered independent of each other, are consistent (Table SP.23). The regional averages of incidence range between 13 and 16 percent. It has to be added that, when answering the questions about social assistance, people merged the categorical benefit or assistance related to unemployment and general social assistance. Thus in what follows, we shall follow this practice, which implies that this section overlaps with the former one on unemployment benefit. In the section on targeting, we shall analyze separately these two types of benefit.

The escalation of assistance is shown in Table SP.24. The recorded applications for assistance have multiplied by about three practically everywhere in the last years. There is a relationship between the former and the present frequency. Both then and now the lowest rates are found in the Czech and Slovak Republics, and the highest rates are found in Hungary and Germany. The comparison of the Czech and Slovak examples shows the tenacious role of tradition. The rate of households asking for assistance in the two countries is identical despite important differences in the level of needs -- poverty and unemployment being much higher in Slovakia. A country comparison indicates that there is no genuine relationship between the frequency of assistance and the income level of the country. (There are low and high rates of assistance among both the poor and the better-off countries.)

It is important to note that there is a difference between asking for and getting assistance. All the countries have a relatively high refusal rate. The difference between the refusal rates is not always significant. Still, the 35 percent refusal rate of Slovakia is significantly higher than the 19 percent one in Germany (Table SP.25). The reasons for refusal are varied, from bureaucratic red tape to erroneous applications<sup>37</sup>. Only two causes occur, however, with sufficient frequency to yield significant results. In all the countries, about 60 percent of the applications were refused on the grounds that the applicant did not qualify. This ratio is, however, only 30 percent in Poland. Another reason given by the interviewees appears everywhere except Germany, but its rate is significant only in two countries. This reason is that the local authorities ran out of funds for assistance. It was mentioned by 31 percent of those who did not get assistance in Poland and by 16 percent in Hungary. This situation may arise because of a genuine lack of funds, but it also may happen because assistance is not statutory. The right to appeal to an independent agency in the case of refusal may not be instituted. If one compares the average income of those who got assistance and that of those who asked but did not get it, it appears that the refusal may well have been based on reasons other than the lack of need. As Table SP.26 shows, in three countries the income level of those who were refused assistance is lower than that of those who got it. In the two other countries, the relationship is reverse, but the difference between those whose application was accepted and those whose was refused is not too significant.

Since asking for assistance is difficult both psychologically and administratively, need usually has to be pronounced to initiate the process. Table SP.27 presents information on the objective situation of those using assistance. The highest frequencies are found among households with the lowest educational or professional level, with unemployed members (since help to the unemployed is

<sup>36</sup> Questions 10 to 12 in Block 6 asked whether any member of the household asked for assistance from public authorities in 1994, whether they got it, and if not, why. Question 15 of Block 6 inquired about the types of income of all household members in December 1994. Question 15 of Block 7 asked about coping strategies. Eleven strategies were enumerated, and the respondent was asked if the household used any of them five years ago and now, and with what frequency. Asking for assistance (from whatever source) was the last item.

<sup>37</sup> The question (Question 12 of Block 6) was open-ended. The answers were coded in NOTGET. Only the main results are mentioned in the text.

understood by people as assistance), on the lowest income level, and with three or more children. While all these dimensions are interrelated to some extent, the correlation among them is not very strong, so all the two-dimensional classifications are independently significant (that is, there is a relationship even if all other variables are controlled.) Despite widespread beliefs to the contrary, the rates of assistance do not differ significantly according to age cohort, pensioner status or the type of the settlement (town or village).

The difference between the groups with the highest and lowest rates of assistance is very significant in all the countries, although in Germany the distance is much smaller. In fact, in Germany relatively high rates of assistance may be found among better educated and better-off groups. This finding indicates not only that funds for assistance are more plentiful in Germany than elsewhere, but also that the rules of assistance may also be different, with a right to assistance - of the unemployed for instance - more firmly established, with the result that assistance is accompanied by less stigma.

One of the objective grounds for requesting assistance is income poverty, although subjectively felt poverty seems to be an even more important motive. The rate of households asking for assistance is one of the highest out of all combinations we analyzed when the household considers itself absolutely poor (Table SP.28). Again, the correlation between low income and subjectively felt poverty is far from perfect, thus it may be assumed that subjectively felt absolute poverty is a motivating factor on its own right.

However, it may also be that asking for assistance is not only motivated by the feeling of poverty, but that it also reinforces awareness about poverty. A similar two-way effect is probably present when the rates of asking for assistance are combined with the evaluation of the new system. There is a strongly significant correlation between these two variables: the highest rate of assistance is to be found among those who evaluate the current system as much worse than the former one, and the lowest among those who experienced a great improvement (Table SP.29).

Shortage of funds, shaky rules and lack of administrative know-how or capacity all contribute to render assistance less effective than it should be. This assertion is supported by certain income data. Households asking for assistance are in every country below the average income by about 30 percent, with two exceptions. In Slovakia the difference is much less at only 10 percent, and in Poland it is much more at close to 50 percent (Table SP.30). Those who succeeded in getting assistance are, however, not necessarily the most needy. In three of the countries the average income of those who unsuccessfully applied is lower than that of those who got assistance. The distance is particularly large in Slovakia, the country with the highest refusal rate.

Another indicator of efficient assistance is the outcome of assistance, such as whether those getting assistance reached a predefined poverty threshold. Apparently, this strategy was not followed. In most countries the poverty line is a condition to get assistance, but (as already shown) assistance is not necessarily given to those under this line, and even when assistance is given, the line is not necessarily reached. For instance, around 20 percent of those getting assistance still remain under half of the median income (40 percent in Poland), and close to 40 percent (50 percent in Poland) have incomes below two-thirds of the median (Table SP.31).

## **f. Social services**

For technical reasons (to keep the questionnaire manageable) the question of social services was not explored in depth. There are only a few indications about this issue.

Provision of day care for children varies largely between the countries. Without being able to do reliable comparisons with the past, two conjectures may be formulated on the basis of Table SP.32. It seems that the differences that existed in the past (almost complete coverage in Germany versus scanty provisions in Poland's rural areas) have persisted to some extent. At the same time, however, provision of day care seems to have decreased, especially in Germany and the Czech Republic. Still,

parents appear to be relatively satisfied with the current arrangements.

Major changes in the health service took place in almost all the countries. In most cases the public health system was transformed into an insurance system. Even where this structural reform was not done, the cost of pharmaceutical products and other services heavily increased. Thus, public satisfaction with these changes is, to say the least, moderate. The interviewees were asked to assess the changes of health care on a five-point scale. Unfavorable grades are more frequent than favorable ones, so the means are always below the midpoint (Table SP.33). The between-group variations are not very significant, with the better-off and more educated groups being only slightly more satisfied than those worse off.

## **6.2. Targeting of central redistribution**

A recurrent question is to what extent social benefits are "well targeted" in the transition countries. This issue is central for those who believe that all or most centrally redistributed resources should be channeled to the poor. The rationale of this belief is that closely targeted benefits are cheaper for the state and citizens, and they (allegedly) help the poor more effectively.

In the former system most benefits were related to employment either as flat-rate benefits (like most family benefits ) or as earnings-related ones (pension, sick pay). Because of near full-employment, benefits tied to employment were practically universal.

One can identify three types of moves leading to more targeted systems. One is the scaling down of earnings-related benefits, so as to give "less to the rich." This tendency seems to affect, for instance, pensions. As we have suggested earlier, the dispersion of pensions is now much smaller than that of market incomes. This disjunction may be due not only to the significant increase in market-based inequalities, but also to the narrowing down of the dispersion of pensions. In fact, in most countries the real value of low pensions was better maintained than that of high pensions. In a period of austerity, this may be a just and acceptable intermediary solution. If, however, the tendency prevails, the earnings-related system will come closer to a flat-rate system. Thus, the compulsory system will be less suitable to assuring relative security via the preservation of former living standards. People looking for relative security will have to look for other, more individualized solutions such as professional or private pension schemes. Whether this option is helpful for the elderly is doubted by many. (For experiences with this option in Latin America, see Barr, 1994).

The second move is to transform former near-universal benefits into targeted ones. One of the supra-national agencies' first criticisms was that family benefits in the region were over-generous by Western standards. The recommendation was to lower their level and to direct them more to the poor.

The third move leading to more targeted benefits systems is the introduction of assistance-type benefits on a large scale. It is suggested that with rapidly spreading poverty, a "safety-net" can be established with the help of means-tested assistance.

According to the SOCO data, all social benefits are more targeted than market incomes, but they differ importantly. For example, the quintile distribution of households who get some benefit (Table SP.34) shows that with one or two exceptions, all the series are highly significant. This finding means that the distribution of households getting benefits differs significantly from the average or from households not getting the benefit. (The main exception is the case of unemployment benefit in Slovakia, which is almost randomly distributed despite unemployment being concentrated in low income/low status groups.) However, the overrepresentation of households in the lowest quintiles is much stronger in the case of unemployment benefit and assistance than in the case of pensions or family benefits. What is more, in three cases the significant relationship is a reverse one: in Poland, Germany and Slovakia pensioners are underrepresented in the lowest income quintile for reasons already mentioned.

Another way of assessing the impact of social incomes is to analyze the rate of beneficiaries

among the poorest, presumably under a conventional poverty line. As above, we have chosen 67 percent of the median based on the income distribution of each country. According to Table SP.35 in most countries, pensioners are less poor than families with children, who are still less concentrated among the poorest than the unemployed and especially those on assistance. Country comparison reveals the particular case of Germany, where the position of pensioners is relatively the best and contrasts with that of families with children and those on assistance, whose position is relatively the worst. It has to be added that assistance other than unemployment relief plays a very minor role in Germany.

Table SP.35 can be interpreted in two ways. It may be assumed that in most countries benefits other than pensions (and family allowance in the Czech Republic) are well targeted, the poor getting more of them than others. The other reading, already implied, is that social benefits other than pensions and universal family allowance (inasmuch it still exists) are very inefficient tools in preventing poverty, let alone eliminating it. It is hard to expect poor countries, where wages and pensions are already low, to have selective benefits that could efficiently help the poor. Thus individual targeting -- depending on how we look at it -- means not only that only the poor get state help, but also that, at least under the conditions prevailing in most transition countries, many of the poor fail to get enough help or even any help at all.

### ***6.3. Expectations about redistribution and the role of the state.***

Outcomes of elections and public opinion polls suggest that in some countries citizens are rather unhappy about many aspects of the transition. This attitude is conveniently labeled by many as nostalgia for the former system and condemned accordingly. One of the main allegations is that people in the new democracies fear self-reliance and are "statist," meaning that they long to shift responsibilities back to the state.

It is imperative to better understand the motives of the electorate. Our interpretation is that the main characteristics of the former political and economic system -- dictatorship and a single-party system, lack of personal, political and economic freedoms, absence of markets, weak rights, invasion of privacy and such like -- are abhorred by a huge majority: there is no 'nostalgia' for these features. The virtually unanimous rejection of dictatorship, together with an aspiration for something closer to western standards of living, made indeed the smooth transition possible.

The negative political sides of dictatorship have not become more acceptable in later years (see Chapter 9). The disillusionment of people (as hypothesized by the present author) is mainly due to the loss of existential securities (again see Chapter 9). In agreement with a majority of the citizens of Western Europe, most people in the countries surveyed feel that the best guarantee of basic securities is the involvement of the state in social policy matters.

In the survey people were asked to evaluate on a five-point scale the responsibility of the state for covering various needs. The findings show that people impute to the state a high level of responsibility in a very nuanced way, making considered distinctions between various needs.

The overall high level of responsibility imputed to the state may be shown in different ways. We may start with the dispersion of the answers. Taking into account all the items (10), all the scores (5) in all the countries (5), there are only four cases where a sizable minority, almost 10 percent of the interviewees give a score 1, implying that the state has no responsibility in the given matter: the Czech Republic and Poland in the case of child care for the under six; the Czech Republic in the case of higher education; and Poland in the case of the maintenance costs of children.

Even a score of low responsibility (point two on the scale) is relatively rare. As the second part of Table SP.36 (36.b) shows, a maximum of 30 percent give scores of one and two (for higher education). Also, there are only two needs, namely the maintenance of, and day care to children, for which slightly less than a majority of the respondents give the two highest scores. Meanwhile there

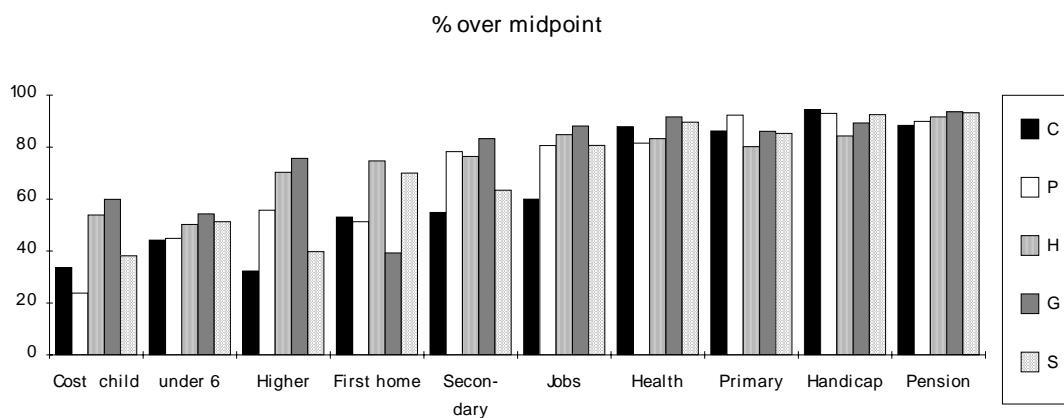


are four needs of the ten - health care, primary education, maintenance of handicapped, and decent pensions - where over 85 percent of the respondents give the highest scores, indicating that the state has very high responsibility. In these cases the dispersion within the group is also very small. As one can see in the second half of Table SP.37, the coefficient of variation in case of those needs is very low.

The mean scores (means of a scale of five points) also highlight the high level of required state responsibility, and the fine distinctions according to the needs in question. Even in the case of social problems where state responsibility is thought to be lowest, the average score falls below the midpoint in only one case out of the 50 (in Poland concerning the maintenance costs of children), and it falls below the score of four in only one-third of all cases (Table SP.38). In other words, in two-thirds of all cases the average score is above the midpoint (scores of four and five) (Table SP.39, Chart 6.6). If the average is at the midpoint, it does not mean that people believe the state has no responsibility, just that they are in favor of equally shared responsibility. Scores above the midpoint mean that the state is charged with higher responsibility than families. When we talk of "nuanced" views we imply that families accept a high share of responsibility -- around 50 percent or somewhat less -- for the maintenance of small children, but do not think that the state should withdraw altogether or do less than it is doing now. (In fact, current family allowances cover far less than half of the costs of child maintenance.)

Chart 6.6.

Percentage of households believing in state responsibility over the midpoint  
(scores 4 and 5 on a scale of 5)



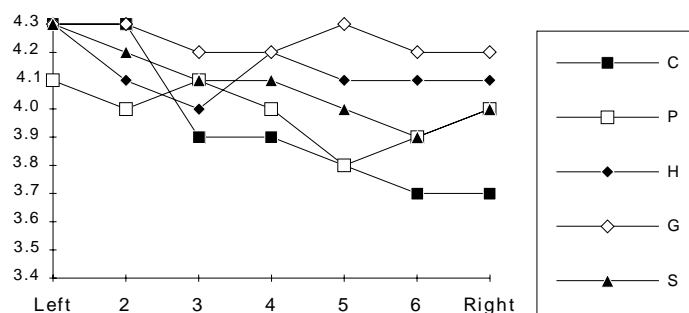
Up to now we analyzed only the total samples within the countries. The opinions about state responsibility may vary, though, both because of sociological and of attitudinal factors. It would stand to reason that families with children are in favor of more child support than others, or that poorer people or those with less marketable skill require more state intervention than the better-off. It may also be assumed that political color influences the opinions about state responsibility. The mean scores for the overall state responsibility<sup>38</sup> do not confirm these assumptions. There is an amazing uniformity of the average scores even when combined with variables most likely to differentiate them. As Table SP.40 shows, uneducated and university degree holders, rich and poor, people thinking themselves as politically left and right, all have almost identical opinions about the responsibility of the state towards citizens. The main exception is the Czech Republic, where the left-right label influences the answers to some extent, the right being more adverse to the state. (See also Chart 6.7 for the left-right scores by country.)

The hypothesized sociological relationships appear slightly more strongly when the differences of opinion about state responsibility are analyzed need by need. We calculated for instance the correlation coefficients for ten different independent variables (6 hard, 4 soft variables) for all the ten needs. Out of the 500 coefficients thus obtained, only less than one third (147) were significant ( $p < 0.01$ , or \*\*\* level). Most of the significant variables were concentrated in three countries, the Czech Republic, Poland and Slovakia. In other words, opinions are socially and politically more divided in these three countries than in Hungary or in Germany. Also, even in these countries there is little differentiation in case of child care or higher education (where state responsibility is always evaluated relatively low), or in case of the handicapped, in case of whom there is a strong consensus concerning high state responsibility. Two conclusions based on the correlation coefficients seem to be important. On the one hand, the need which produced the highest number of significant relationship (37 strong correlations out of possible 50) was the responsibility of the state *to make jobs available*. Of course, this relationship (as all the others) is 'reversed' as hypothesized: the better off or better educated are in favor of less state intervention. On the other hand, out of the ten 'hard' and 'soft' independent variables used, the one which yielded the highest number of significant correlations (28 out of 50) was the evaluation of the regime change.

Chart 6.7.

<sup>38</sup> The average of all the scores for the ten needs mentioned, variable RESPONX.

Mean score for state responsibility according to political orientation by country  
(Scores from 1 to 5, 5=maximum)



The combined impact of hard and soft variables on attitudes towards state responsibility was gauged also in this case by means of a regression equation. The operation was executed for all the needs, but we present only the results for the average score for all the items (RESPONX). Nine explanatory variables were included in the equation (evaluation of the regime change, political orientation, change of subjective income and social positioning condensed in being winner or loser, subjective poverty, income quintiles, age of head under/over 60, socio-professional group and education of head<sup>39</sup>). As Table SP.41 shows, the hard variables - income, job, education - have hardly any independent impact. And out of the attitudinal variables it is again also the opinion about the regime change which shows a significant impact in all five countries. The explained variation, adjusted R square, is always relatively low - albeit higher in the three countries where we already observed more social differentiation in this respect.

The explanation of these findings is almost self-explanatory. Those who are well endowed with material and cultural capital accept more easily the withdrawal of the state being able to manage 'on their own'. They are however a minority, and in most fields they still believe in public responsibility. However, these objective variables are not strongly correlated with the evaluation of the regime change. The fact that the demand for high state responsibility is very strongly correlated with the evaluation of the systemic change while not correlated with the subjective feeling of being winner or loser requires some interpretation. It seems (and this is a recurrent finding) that people have strong convictions about the public good which is practically independent of whether they profited personally from the change of the system or not.

## Summary

To sum up the main results of the opinions about the social responsibility of the state, one observation is that there is a significant amount of difference between the countries. There are more and less "statist" countries. For seven items out of ten, Germany has the highest scores in favor of state responsibility as well as the highest country average. At the other end, the Czech Republic has the lowest country average and the lowest score for five out of the ten items. The countries in between these extremes are a bit less consistent. Hungary for instance has both highest and lowest scores for several items (Table SP.42).

Another observation refers to the very differentiated opinions about the various fields of state responsibility. People make a clear distinction between cases in which the individual or the family has

<sup>39</sup> Variables REGIME, LEFTRIGH, WINLOS, POVERTY, IUNIT5, AGECH2, JOBSPSH1, EDUC1S4G)

to endorse an important part of the responsibility, and others in which society as a collective entity cannot give up its involvement. This differentiation is extremely consistent across countries. Whatever indicator is used, the same five items - day care for pre-school children, maintenance costs for children, higher education, secondary education and first homes -- are consistently ranked as lower priorities for the state, while the other five items -- job, health care, primary education, handicapped and decent pensions -- are consistently given higher state priority. It seems then that personal responsibility, or, rather, almost equally shared responsibility between family and state is taken seriously whenever parental responsibility is involved (Table SP.39, 43). State involvement is considered much more important in the case of primary education and jobs, and even secondary education, three pillars which enhance equality of opportunity or which may form the basis for being able to take on personal responsibilities. The high state responsibility assigned to the other three items -- care for the handicapped, decent pensions, health services -- mean, in our reading, that people consider these items as cases where collective responsibility has priority over individual responsibility, or which form part of the 'common good'. In other words, social solidarity seems to be very much alive in favor of the aged, the sick and the handicapped.

## Tables Chapter 6

Table SP.1.

Incidence of social incomes by activity of head of household  
(Percentage of households in which the given income exists)

Types of social income	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
<b>Head of HH active</b>						
Sickness benefit	29	8	12	9	18	16
Pension	13	45	22	8	15	21
Family allowance	66	25	45	45	60	48
Unemployment ben.	4	10	7	21	5	9
Social assistance	7	5	8	2	4	5
<b>Any social income</b>	<b>81</b>	<b>64</b>	<b>65</b>	<b>55</b>	<b>73</b>	<b>68</b>
<b>Head of HH not active</b>						
Sickness benefit	7	2	2	3	5	4
Pension	92	82	81	76	82	82
Family allowance	14	11	16	7	24	14
Unemployment ben.	4	16	12	25	6	14
Any soc. assistance	6	7	14	4	10	8
<b>Any social income</b>	<b>97</b>	<b>86</b>	<b>91</b>	<b>83</b>	<b>95</b>	<b>90</b>
<b>Households, total</b>						
Sickness benefit	21	6	7	7	14	11
Pension	43	59	50	43	37	46
Family allowance	46	22	32	25	48	34
Unemployment ben.	4	12	9	23	5	11
Any soc. assistance	7	6	11	3	6	6
<b>Any social income</b>	<b>87</b>	<b>72</b>	<b>78</b>	<b>69</b>	<b>80</b>	<b>77</b>

Table SP.2.

"Density" of pensioners\*

Country	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>% of pensioners within population</b>					
	20%	23%	25%	26%	16%
<b>% of households in which the only income source is a pension</b>					
	19%	16%	23%	27%	13%

\* Based on individual files

Table SP.3.  
Percentage distribution of pensioners per age group\*

Age group of pensioners	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Under 55</b>	11	26	22	5	17
<b>55-59</b>	12	15	16	14	17
<b>60-64</b>	19	15	17	25	23
<b>over 65</b>	58	43	46	56	43
<b>Total</b>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<b>no. of pensioners</b>	582	801	705	658	528
<b>% of pensioners within population</b>	<b>20%</b>	<b>23%</b>	<b>25%</b>	<b>26%</b>	<b>16%</b>

\* Based on individual files

Table SP.4.  
The percentage rate of pensioners within the male, female and total population by age group\*

	Male	Female	Total	<i>N</i>
<b>Czech Rep.</b>				
25-54 years	4%	6%	5%	<i>1222</i>
55-59	27%	76%	52%	<i>134</i>
60-64	88%	100%	95%	<i>118</i>
65 and over	98%	99%	99%	<i>338</i>
<i>Total</i>	<i>25%</i>	<i>38%</i>	<i>32%</i>	<i>1812</i>
<b>Poland</b>				
25-54 years	12%	17%	14%	<i>1451</i>
55-59	62%	77%	69%	<i>178</i>
60-64	75%	86%	81%	<i>152</i>
65 and over	96%	93%	95%	<i>364</i>
<i>Total</i>	<i>32%</i>	<i>42%</i>	<i>37%</i>	<i>2145</i>
<b>Hungary</b>				
25-54 years	11%	14%	12%	<i>1193</i>
55-59	61%	91%	76%	<i>144</i>
60-64	93%	92%	92%	<i>130</i>
65 and over	98%	91%	94%	<i>342</i>
<i>Total</i>	<i>35%</i>	<i>42%</i>	<i>39%</i>	<i>1809</i>
<b>Germany</b>				
25-54 years	2%	4%	3%	<i>1049</i>
55-59	34%	44%	39%	<i>237</i>
60-64	78%	84%	81%	<i>206</i>
65 and over	94%	97%	96%	<i>383</i>
<i>Total</i>	<i>32%</i>	<i>38%</i>	<i>35%</i>	<i>1875</i>
<b>Slovakia</b>				
25-54 years	4%	8%	6%	<i>1446</i>
55-59	31%	85%	64%	<i>137</i>
60-64	90%	95%	92%	<i>133</i>
65 and over	97%	98%	98%	<i>236</i>
<i>Total</i>	<i>22%</i>	<i>31%</i>	<i>27%</i>	<i>1952</i>

\* Based on individual files

Table SP.5.

Income per equivalent income in households according to the employment status of the head of household\*

Employment status of head	Czech Rep.	Poland	Hungary	Germany	Slovakia
Active	184	122	170	1012	131
Pensioner	136	115	123	921	106
Unemp	133	63	104	707	83
Else	142	130	98	938	140
All households	166	116	145	939	122
<b>Equivalent inc. if HHH pensioner, active head=100</b>	74%	92%	72%	91%	81%

\* Based on individual files

Table SP.6.

Distribution of households where the head is pensioner among equivalent income quintiles

Country	Lowest quintile	2	3	4	Top quintile	Total	Level of sign.	No. of HH	% within all HH
<b>Czech Rep.</b>	20	35	30	11	4	100	***	318	34.8
<b>Poland</b>	10	25	24	23	18	100	***	272	26.7
<b>Hungary</b>	23	23	25	17	12	100	***	372	38.8
<b>Germany</b>	11	22	29	24	14	100	***	354	36.3
<b>Slovakia</b>	20	24	29	22	5	100	***	249	26.5

Table SP.7.

Income inequality in pensioner's and active's households based on equivalent income\*

Head of HH	Mean (in USD)	St.dev.	Cases	Variation coefficient
<b>Czech R.</b>				
Pensioner	136	38.41	318	<b>0.282</b>
Active	184	84.65	567	<b>0.466</b>
<b>Poland</b>				
Pensioner	115	52.59	272	<b>0.458</b>
Active	122	127.98	648	<b>1.049</b>
<b>Hungary</b>				
Pensioner	123	43.85	372	<b>0.355</b>
Active	170	130.74	491	<b>0.771</b>
<b>Germany</b>				
Pensioner	921	247.23	354	<b>0.268</b>
Active	1012	536.99	435	<b>0.531</b>
<b>Slovakia</b>				
Pensioner	106	28.64	249	<b>0.271</b>
Active	131	90.41	635	<b>0.687</b>

\* Based on individual files

Table SP.8.  
Equivalent income by age group (in USD)\*

	<b>Czech R.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>Equivalent income by age-group</b>					
0- 6 yrs	147	104	151	805	103
7-14 yrs	152	89	133	790	106
15-19 yrs	158	95	144	833	109
19-30 yrs	177	102	146	854	130
31-40 yrs	163	113	147	912	111
41-50 yrs	188	115	148	943	130
51-60 yrs	178	125	151	1049	147
61-70 yrs	154	113	137	945	113
71-hi yrs	134	114	127	918	104
Mean	165	108	144	914	119
<b>Equivalent income in age groups in percentage of mean</b>					
0- 6 yrs	89%	96%	105%	88%	86%
7-14 yrs	92%	82%	93%	86%	89%
15-19 yrs	96%	88%	100%	91%	92%
19-30 yrs	107%	94%	102%	93%	109%
31-40 yrs	99%	105%	102%	100%	93%
41-50 yrs	114%	106%	103%	103%	109%
51-60 yrs	108%	116%	105%	115%	124%
61-70 yrs	93%	105%	95%	103%	95%
71-hi yrs	81%	106%	88%	100%	88%

\* Based on individual files

Table SP.9.  
Percentage distribution of households with children getting or not  
getting family benefits

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungar y</b>	<b>Germany</b>	<b>Slovaki a</b>
<b>No child up to secondary, benefit no</b>	52	47	56	69	41
<b>No child up to secondary, benefit yes</b>	4	2	3	3	4
<b>Child up to secondary, benefit yes</b>	42	17	28	22	45
<b>Child up to secondary, benefit no</b>	2	34	13	6	11
<b>Total</b>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
<b>n (households)</b>	1000	1039	1000	1116	1000



Table SP.10.  
Children and benefits

<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>households getting family benefits in % of all households</b>				
46%	24%	32%	26%	49%
<b>households getting family benefit in % of households with children up to secondary</b>				
96%	34%	69%	78%	81%

\* At the time of the survey, the Hungarian system of family allowance was still universal. Hence, the rate of families with children under 18 and in secondary school ('up to secondary') getting family benefit should be 100%. According to income data, the impact of family benefits was taken into account, though.

Table SP.11.  
Percentage of households not getting benefit according to the number of children

<b>Country</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
All households with 1, 2 etc. children = 100					
<b>No ben, if 1 child</b>	6	61	35	27	25
<b>No ben, if 2 children</b>	3	64	28	12	17
<b>No ben, if 3 and more children</b>	0	54	0	0	9
<b>All households</b>	2	34	13	6	11

Table SP.12.  
Per capita and equivalent income in households where there are children up to secondary, head of household under 60\*

<b>Country</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>Per capita income in USD</b>					
<b>No child up to secondary</b>	168	108	137	892	122
<b>Child up to secondary</b>	110	72	98	585	77
<b>All households, Head of HH under 60</b>	134	85	116	765	91
<b>%, HH with child/HH without child</b>	<b>66%</b>	<b>67%</b>	<b>72%</b>	<b>66%</b>	<b>63%</b>
<b>Equivalent income in USD per head</b>					
<b>No child up to secondary school</b>	202	132	163	1015	151
<b>Child up to secondary</b>	159	105	143	822	113
<b>All households, Head of HH under 60</b>	177	115	152	935	125
<b>%, HH with child/HH without child</b>	<b>79%</b>	<b>80%</b>	<b>88%</b>	<b>81%</b>	<b>75%</b>

\* Based on individual files

Table SP.13.

Per capita income in families with children according to access to family benefit head of household under 60\*

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<i>1 child</i>					
<b>Benefit yes</b>	127	72	101	626	84
<b>No benefit</b>	115	86	108	627	115
<i>No benefit/Benefit yes</i>	<b>91%</b>	<b>120%</b>	<b>107%</b>	<b>100%</b>	<b>137%</b>
<i>2 children</i>					
<b>Benefit yes</b>	104	62	98	499	69
<b>No benefit</b>	-	68	90	478	100
<i>No benefit/Benefit yes</i>		<b>110%</b>	<b>91%</b>	<b>96%</b>	<b>144%</b>
<i>3 and more children</i>					
<b>Benefit yes</b>	72	66	87	574	52
<b>No benefit</b>	.	49		.	
<i>No benefit/Benefit yes</i>		<b>74%</b>			
<b>Total</b>					
<b>Benefit yes</b>	162	107	142	821	109
<b>No benefit</b>	152	108	141	850	151
<i>No benefit/Benefit yes</i>	<b>94%</b>	<b>101%</b>	<b>100%</b>	<b>104%</b>	<b>138%</b>

\* Based on individual files

The income data are not presented for groups under n = 10.

Table SP.14.

Percentage of children of different age groups belonging to the lowest equivalent income quintile \*

<b>Percentage of given population belonging to the lowest quintile</b>							
	<b>Total population</b>	<b>under 6</b>	<b>7 to 14</b>	<b>15-18</b>	<b>19-22</b>	<b>over 22</b>	<b>n under 15</b>
<b>Czech Rep.</b>	20%	32%	27%	23%	15%	18%	470
<b>Poland</b>	20%	26%	33%	28%	23%	16%	714
<b>Hungary</b>	20%	30%	23%	21%	24%	18%	474
<b>Germany</b>	20%	42%	38%	30%	35%	15%	317
<b>Slovakia</b>	20%	30%	25%	20%	12%	18%	693

\* Based on individual files

Table SP.15.

Rate of earners on sick pay by country\*

<b>Country</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>No. of earners</b>	1340	1187	1085	905	1476
<b>No. of earners on sick pay</b>	366	82	106	125	242
<b>Ratio of earners on sick pay</b>	27%	7%	10%	14%	16%

\* Based on individual files

Table SP.16.

Percentage of households reporting sickpay according to (a) socio-professional group and (b) educational level of active head of household

**a. Socio-professional group of 1st active earner**

	Semi-unskilled worker	Skilled worker	Small entrepreneur, self-empl.	Lower-middle white collar	Upper white collar (professional, manager), large owner	Total	Level of signif.
<b>Czech Rep.</b>	41	28	25	30	18	29	***
<b>Poland</b>	7	11	6	6	8	8	not sign.
<b>Hungary</b>	13	14	15	11	7	12	not sign.
<b>Germany</b>	19	7	11	7	9	8	not sign.
<b>Slovakia*</b>	25	18	20	13	19	19	not sign.

**b. Educational level of 1st active earner**

	Primary and less	Vocational	Secondary	Higher education	Total	Level of signif.
<b>Czech Rep.</b>	40	37	21	22	29	***
<b>Poland</b>	6	9	7	9	8	not sign.
<b>Hungary</b>	10	16	12	6	12	not sign.
<b>Germany</b>	6	7	13	8	9	not sign.
<b>Slovakia*</b>	25	21	17	14	18	not sign.

\* In Slovakia the number of missing data in case of the job (socio-professional group) of earners is exceptionally high --around 30 percent. Hence, data presented according to the socio-professional group of the head of household is spurious.

Table SP.17.

Percentage of households hit by unemployment

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Head of HH	% of households with at least one unemployed member (UNEMP)				
under 60	7	23	24	29	16
over 60	2	5	2	6	3
Total	6	20	18	22	14

Table SP.18.

Percentage distribution of households according to the number of unemployed persons

Number of unemployed in household	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, total
0	94	80	82	78	86	84
1	5	16	15	19	12	14
2 and more	0	4	3	3	2	2
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table SP.19.

Percentage rate of households with at least one unemployed member (Head of household under 60)

**a. by socio-professional groups**

Head of HH	Semi-unskilled worker	Skilled worker	Small entrepr. self-empl.	Middle-lower white collar	Upper white collar (prof., manager), large owner	Total	n	Level of sign.
Czech Rep.	14	8	4	4	3	7	52	***
Poland	45	29	15	15	10	23	200	***
Hungary	36	24	18	17	7	23	167	***
Germany	43	37	9	25	17	30	196	***

- For Slovakia, the data are spurious, see note to Table SP.10.

**b. by level of education**

Head of HH	Primary and less	Vocational	Secondary	Higher	Total	Level of significance
Czech Rep.	15	9	4	3	7	**
Poland	37	25	16	7	23	***
Hungary	31	28	16	11	24	***
Germany	42	32	28	15	29	***
Slovakia	18	22	15	6	16	***

Table SP.20.

Percentage distribution of households based on the combination of unemployment and unemployment benefit

Reported unemployment and benefits	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
No unemp., no ben.	93	77	81	73	85	82
No unemp., ben. yes	2	2	1	5	1	2
Unemp. yes, ben. yes	2	10	8	19	4	9
Unemp. yes, no ben.	3	11	10	4	10	7
<i>All households</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table SP.21.

Distribution of households with unemployment according to getting or not getting unemployment benefit. (Head of household under 60.)

Unemployed getting benefit	Czech Rep.	Poland	Hungary	Germany	Slovakia
% of households getting or not getting unemp. benefit					
yes	40	49	46	85	30
no	60	51	54	15	70
Total	100	100	100	100	100
n	52	192	174	222	131

Table SP.22.

Equivalent income in USD in households according to the presence of unemployed and children. (Head of household under 60.)\*

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>No child in HH</b>					
No unemployed	207	141	172	1097	155
Unemployed in HH	143	94	126	818	129
<b>Child in HH</b>					
No unemployed	161	119	156	891	118
Unemployed in HH	126	66	105	668	85
<b>All households</b>					
No unemployed	180	127	163	1013	130
Unemployed in HH	134	74	114	755	99
<b>Income in HH with unemployed/ Income in HH without unemployed</b>					
No child in HH	69%	67%	73%	75%	83%
Child in HH	74%	55%	70%	75%	76%
All households	74%	58%	70%	75%	76%

\* Based on individual files

Table SP.23.

Percentage rate of households declaring having assistance in the case of three different questions referring to assistance

Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
<b>Block 6, Qu. 10: Got assistance from public authorities in 1994, GETIT</b>					
8%	11%	18%	19%	9%	13%
<b>Block 6, Qu.15, Item 8: Income from assistance in December 1994, AASSIST (any of ISOC IUNEMP)</b>					
10%	16%	19%	25%	10%	16%
<b>Block 7, Qu.15, Item 11: Asks assistance to make ends meet, now, PRESEN11</b>					
8%	14%	19%	16%	6%	14%

Table SP.24.

Increase in the frequency of asking assistance

<b>AGO11, PRESEN11</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Asked assistance 5 years ago	2	5	7	7	2
Asks assistance now	8	14	19	16	6

Table SP.25.

Percentage distribution of households according whether they asked and got assistance

<b>Asking assistance (ASKIT GETIT ASKGET)</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Did not ask	89	86	75	78	86
Asked and got	8	11	18	19	9
Asked but did not get	3	4	7	3	5
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Ratio of HHs asking but not getting assistance	29%	25%	28%	19%	35%

Table SP.26.

Equivalent income in USD according to asking and getting assistance\*

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Asked and got	124	60	106	725	122
Asked and did not get	101	65	116	677	94
<i>Asked, total</i>	<i>106</i>	<i>60</i>	<i>101</i>	<i>747</i>	<i>84</i>

\* Based on individual files

Table SP.27.

Percentage of households asking assistance according to demographic and social variables  
(PRESEN11, 1+2+3)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<b>Socio-professional group of head of household, only extreme groups</b>					
Semi-unskilled workers	11	24	29	19	9
Professional, manager, large owner	5	5	8	7	1
<b>Educational level of head of household, only extreme groups</b>					
Primary and less	15	18	25	21	11
Higher	3	1	8	10	2
<b>Is there unemployment in household, all households</b>					
No unemployed	6	8	15	13	4
Unemployed in HH	32	36	38	28	15
<b>Children, only extreme groups</b>					
No child	5	7	14	14	5
3 and more children	23	36	49	21	7
<b>Quintiles by per capita income, only extreme groups</b>					
Lowest quintile	22	39	47	32	16
Highest quintile	1	1	4	10	2
<b>Is head of household pensioner, all households</b>					
Not pensioner	8	15	20	19	6
Pensioner	7	11	17	11	7
<b>Age cohort of head of household, all households</b>					
Under 60	8	15	21	19	6
Over 60	6	10	12	9	5

Table SP.28.

Percentage of households who asked or ask for assistance according to the extent the household considers itself poor (POVERTY)

<b>HH considers itself poor now</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>Asked for assistance 5 years ago</b>					
Not at all	1	2	3	5	1
Occasionally	3	3	5	10	3
Absolutely	10	16	20	20	14
<b>Asks for assistance now</b>					
Not at all	1	3	5	9	1.5
Occasionally	10	12	20	27	7
Absolutely	28	35	35	46	31

Table SP.29.

Percentage of households asking assistance according to how they evaluate the new regime as compared to the former one (REGIME)

<b>Regime is better or worse</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Much worse	28	23	29	38	14
Slightly worse	12	13	19	21	3
Same	8	13	17	16	5
Slightly better	4	11	16	14	4
Much better	1	7	8	8	-

Table SP.30.

Equivalent income in USD according to application for assistance\*

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
<b>Equivalent income</b>					
Did not ask for assist.	171	162	158	999	124
Asked for assist.	117	61	108	718	112
<i>Mean, total</i>	<i>166</i>	<i>116</i>	<i>145</i>	<i>939</i>	<i>122</i>
Out of it:					
Asked and got assist.	124	60	106	725	122
Asked and did not get assist.	101	65	116	677	94
<b>Ratios of income in some groups to Mean income</b>					
Asked assist./Mean, total	71%	53%	75%	77%	91%
Got assist./Mean, total	75%	52%	73%	77%	100%
Did not get assist./Mean, total	61%	56%	80%	72%	77%

\* Based on individual files



Table SP.31.

Distribution of households getting assistance (AASSIST) according to whether they are above or under two-thirds of the median equivalent income (IUNIT67)

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>	<b>Region, average (and total)</b>
Under 2/3 of median	34	51	32	29	32	36
Above 2/3 of median	66	49	68	71	68	64
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
n, number of households getting assistance	95	158	184	274	100	811

Table SP.32.

Children in public day care institutions (percentage of households with children getting public day care)

	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Under 6	36	16	54	56	48
In primary	16	5	29	24	25

Table SP.33.

Distribution of the households according to how they evaluate the change of the health system.

<b>How did the change affect the household</b>	<b>Czech Rep.</b>	<b>Poland</b>	<b>Hungary</b>	<b>Germany</b>	<b>Slovakia</b>
Very unfavourably	3	16	6	11	6
Unfavourably	20	34	16	36	26
No change	58	40	55	31	61
Favourably	17	9	21	18	7
Very favourably	2	0	2	4	1
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Means of scores	<b>2.89</b>	<b>2.38</b>	<b>2.92</b>	<b>2.65</b>	<b>2.65</b>

Table SP.34.

Percentage ratio of households getting various benefits within equivalent income quintiles (IUNIT5)

Country	Lowest quintile	2nd quintile	3rd quintile	4th quintile	Top quintile	Total	Level of significance
<b>Pension</b>							
Czech Rep.	43	67	56	35	20	44	***
Poland	48	63	63	67	54	59	**
Hungary	55	58	57	47	37	50	***
Germany	28	48	58	51	30	43	***
Slovakia	34	42	44	44	22	37	***
<b>Family benefit</b>							
Czech Rep.	61	34	39	53	41	46	***
Poland	30	25	17	15	13	20	***
Hungary	41	29	29	32	27	32	*
Germany	47	25	19	19	16	25	***
Slovakia	65	61	47	47	25	49	***
<b>Unemployment benefit</b>							
Czech Rep.	9	3	3	3		4	***
Poland	26	14	8	7	5	12	***
Hungary	17	11	7	4	7	9	***
Germany	45	28	18	14	14	24	***
Slovakia	9	5	4	6	3	5	NS
<b>Social assistance</b>							
Czech Rep.	20	5	5	2	2	7	***
Poland	16	7	2	1	2	5	***
Hungary	25	13	7	7	3	11	***
Germany	12	1	2	1		3	***
Slovakia	17	5	3	2	3	6	***

Table SP.35.

The percentage rate of all households and households with or without given benefits under 67% of the median

Under 67% of median among				Rate of beneficiaries /
Country	all households (1)	where there is no benefit (2)	where there is benefit (3)	average rate under 67% of median (3/1)
Pensions				
Poland	23	28	19	0.83
Germany	13	18	7	0.54
Family benefit				
Czech Rep.	12	8	11	0.92
Poland	23	21	35	1.46
Hungary	14	11	20	1.43
Germany	13	8	29	2.23
Slovakia	15	9	21	1.40
Unemployment benefit				
Czech Rep.	12	11	33	2.75
Poland	23	20	48	2.00
Hungary	14	13	29	2.07
Germany	13	9	27	2.08
Slovakia	15	14	26	1.73
Social assistance				
Czech Rep.	12	10	39	3.25
Poland	23	22	61	2.54
Hungary	14	12	35	2.50
Germany	13	12	70	5.38
Slovakia	15	13	39	2.60

In case of all relationships presented  $p < .001$

Table SP.36.

Range of scores by items about state responsibility. Pooled data of all the countries. The items are ranked according to the overall, regional mean.

## 36.a. Distribution of scores

Items the state* is responsible for	% of households giving the following scores			<i>Total</i>
	1 and 2	3	4 and 5	
6. Cost of children	21	37	42	100
2. Care for under 6	21	30	49	100
5. Higher education	16	29	55	100
8. First home	14	29	57	100
4. Secondary education	6	23	72	101
9. Jobs	5	16	79	100
1. Health care	2	12	87	101
3. Primary education	3	11	86	100
10. Handicapped	1	8	91	100
7. Decent pensions	2	7	91	100

\* Numbers refer to the order in the questionnaire

## 36.b. Range of scores between countries.

Items the state is responsible for*	Households giving score:		
	1 and 2	3	4 and 5
6. Cost of children	13-24%	27-44%	24-60%
2. Care under 6	17-27%	29-32%	44-54%
5. Higher education.	5-30%	20-38%	32-76%
8. First home	5-28%	29-34%	40-75%
4. Secondary education	2-10%	14-35%	55-83%
9. Jobs	3-12%	9-29%	60-88%
1. Health care	1-2%	8-16%	89-92%
3. Primary education	1-5%	16-16%	80-92%
10. Handicapped	1-2%	5-14%	89-95%
7. Decent pensions	1-3%	6-10%	88-94%

\* Numbers refer to the order in the questionnaire

Table SP.37.

Average score for the various items by country

Items in increasing order of mean scores*	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
6. Cost of children	3.2	2.8	3.7	3.8	3.2	3.36
2. Care under 6	3.3	3.3	3.6	3.7	3.6	3.48
5. Higher education	3.0	3.7	4.0	4.2	3.3	3.66
8. First home	3.7	3.5	4.2	3.2	4.0	3.72
4. Secondary education	3.7	4.2	4.2	4.4	3.9	4.09
9. Jobs	3.9	4.3	4.5	4.6	4.4	4.33
1. Health care	4.5	4.4	4.4	4.6	4.6	4.50
3. Primary education	4.5	4.7	4.3	4.5	4.5	4.50
10. Handicapped	4.5	4.7	4.3	4.5	4.5	4.50
7. Decent pensions	4.5	4.6	4.6	4.7	4.7	4.63
Country, average	3.91	4.03	4.19	4.23	4.09	4.09

\* Numbers refer to the order in the questionnaire

Table SP.38.

Average score and variation coefficient for the various items for the whole region (pooled data)

Items in increasing order of mean scores	Mean for region	Standard deviation	Variation coefficient
6. Cost of children	3.4	1.200	0.357
2. Care under 6	3.5	1.302	0.374
5. Higher education	3.7	1.197	0.327
8. First home	3.7	1.177	0.316
4. Secondary education	4.1	1.005	0.246
9. Jobs	4.3	0.972	0.224
1. Health care	4.5	0.770	0.171
3. Primary education	4.5	0.855	0.190
10. Handicapped	4.6	0.708	0.154
7. Decent pensions	4.6	0.706	0.152

Table SP:39.

Percentage of households standing for state responsibility over the midpoint  
(scores 4 and 5 on a scale of 5)

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Cost of children	34	24	54	60	38
Care for under 6	44	45	50	54	51
Higher education	32	56	70	76	40
First home for young	53	51	75	39	70
Secondary education	55	78	76	83	63
Availability of jobs	60	81	85	88	81
Health care	88	82	83	92	90
Primary education	86	92	80	86	85
Handicapped	95	93	84	89	93
Decent pensions	88	90	92	94	93
Country, total (all items)	<b>74</b>	<b>82</b>	<b>86</b>	<b>91</b>	<b>87</b>

Table SP.40.

Mean scores of state responsibility over all items by different variables  
(score of 5 degrees, 5=maximum responsibility)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
<b>Mean score by educational level of head of household</b>						
Primary	4.0	4.1	4.3	4.3	4.2	4.2
Vocational	4.0	4.1	4.1	4.3	4.2	4.1
Secondary	3.9	4.0	4.2	4.2	4.0	4.1
Higher	3.7	3.6	4.1	4.2	4.0	3.9
Total	3.9	4.0	4.2	4.2	4.1	4.1
<b>Mean score by the extent the household considers itself poor</b>						
Absolutely	4.2	4.3	4.3	4.5	4.2	4.3
Not at all	3.8	3.8	4.1	4.2	4.0	4.0
Occasionally	4.0	4.1	4.2	4.3	4.2	4.1
Total	3.9	4.0	4.2	4.2	4.1	4.1
<b>Mean score by self-assigned position on the political left-right scale</b>						
Left, 1	4.3	4.1	4.3	4.3	4.3	4.3
2	4.3	4.0	4.1	4.3	4.2	4.2
3	3.9	4.1	4.0	4.2	4.1	4.1
4	3.9	4.0	4.2	4.2	4.1	4.1
5	3.8	3.8	4.1	4.3	4.0	4.0
6	3.7	3.9	4.1	4.2	3.9	3.8
Right, 7	3.7	4.0	4.1	4.2	4.0	3.9
Total	3.9	4.0	4.2	4.2	4.1	4.1

Table SP.41.

Summary results of linear regression for RESPONX as independent variable

Multiple R	Czech Rep.	Poland	Hungary	Germany	Slovakia
Adj. R Square	12.9	10.0	6.0	3.7	10.6
Level of significance					
LEFTRIGH	**	NS	NS	NS	NS
REGIME	***	***	***	**	***
WINLOS	NS	NS	NS	NS	NS
POVER	NS	***	NS	NS	**
IUNIT5	NS	NS	***	NS	NS
AGECOH2	NS	NS	NS	NS	NS
JOBSPSH1	NS	NS	NS	NS	NS
EDUC1S4G	NS	NS	NS	NS	NS

Table SP.42.

Countries having the highest and the lowest average score for each item

Items in original order	Highest mean score	Lowest mean score
1. Health care	G*S	*
2. Care under 6	G	C*P
3. Primary education	P	H
4. Secondary education	G	C
5. Higher education	G	C
6. Cost of children	G	P
7. Decent pensions	G*S	C
8. First home	H	G
9. Jobs	G	C
10. Handicapped	C*P*S	H
Country mean	G	C

Table SP.43.

The rank order of the various items by country

Rank order	Czech Rep.	Poland	Hungary	Germany	Slovakia
Items ranked according to the mean score in the country					
Lowest, 1st	Higher educ.	Cost ch.	Under 6	First home	Cost ch.
2	Cost ch.	Under 6	Cost ch.	Under 6	Higher educ..
3	Under 6	First home	Higher educ.	Cost ch.	Under 6.
4	4-5 Secondary	Higher educ.	4-5 Secondary	Higher educ.	Secondary
5	4-5 First home	Secondary	4-5 First home	Secondary	First home
6	Jobs	Jobs	Primary	Primary	Jobs
7	7-8-9 Health	Health	Health	7-8-9 Health	Primary
8	7-8-9 Primary	Pension	Handicap	7-8-9-Jobs	Health
9	7-8-9 Pension	9-10 Primary	Jobs	7-8-9 Handicap	9-10 Handicap
Highest, 10th	Handicap	9-10 Handicap	Pension	Pension	9-10 Pension

## Chapter 7

### Coping strategies

*Endre Sík*

Coping with minor disturbances as well as with major crises of everyday life is an eternal fact of life all over the world. By beginning the analysis with this truism we wish to dissuade the reader from believing that what follows is a system-specific or transition-specific issue. However, for certain reasons, how people cope - that is, how they try to adjust to new conditions or to deal with difficulties -- is a high priority topic in discussing the social consequences of post-socialist transition in Central and Eastern Europe. First, societal disturbances increase social uncertainty and economic difficulties, which is why people use various 'coping strategies'. Second, as a large body of literature on socialism shows, coping with shortage was a general feature of the everyday economic life of households and firms. We assume that these attitudes do not disappear from one day to another.

The term coping covers a wide range of activities. It ranges from activities of a long-term socio-demographic nature (such as changing fertility patterns) to immediate crisis avoidance (such as flight from war or natural disaster). It can be a "purely economic" reaction (such as decreasing inefficient production or taking lodgers) or a "purely social" reaction (such as postponing marriage). And it can be "socially positive" (such as organizing a barter network) or "socially negative" (such as suicide or alcoholism).

In the following analysis the range of coping strategies is limited to short-term and mainly economic activities (see footnote 1). First, we briefly show the overall spread of coping behavior in the region. We then focus on the interrelation between the level of subjective and objective well-being and the frequency of coping activities, assuming that the spread and the structure of coping strategies depends on the need for it. Finally, we try to develop models to find the major types of coping and to explain what factors determine the coping behavior of households. Throughout the analysis we try to find explanations of coping for the region and then test whether there are country specific deviations from the general model.

#### **7.1 The general characteristics of coping**

It is shown in Table C.1 and Chart 7.1 that the number of coping activities<sup>40</sup> in 1990 was zero in the case of every fourth household in the countries covered by the survey. In case of those who used coping strategies at all the modal value was four. The absence of coping activities was the most characteristic of Slovakian households (46 percent), followed by the Czechs (31 percent). In the other countries a huge majority used some coping strategies, Poles more frequently than others: in Poland in only 8 percent of the households were coping activities absent.

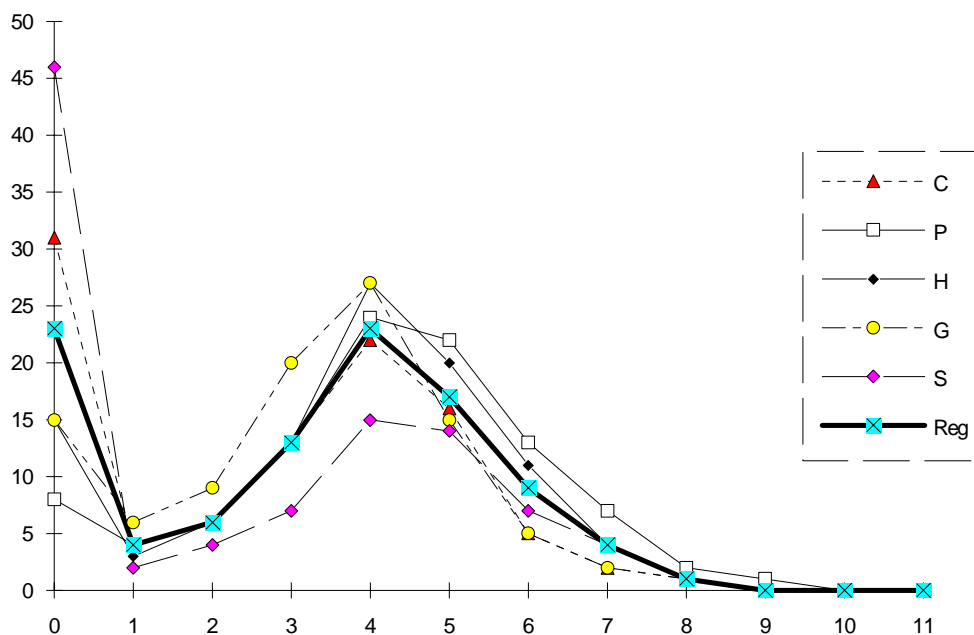
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<sup>40</sup> The questionnaire contained a block (Block 7) in which respondents were asked to identify from a list of eleven items which ones they used as coping means in 1990 and at the time of the interview, in 1995 (Question 15) to make ends meet. The items were the following (in the order of the questionnaire): earn extra money, sell home products, do more domestic work, buy goods on sale, repair instead of buy, cut down expenses, ask for loans, borrow through personal networks, go to the pawn shop, sell family possessions, and ask for welfare assistance from the authorities.



Chart 7.1.

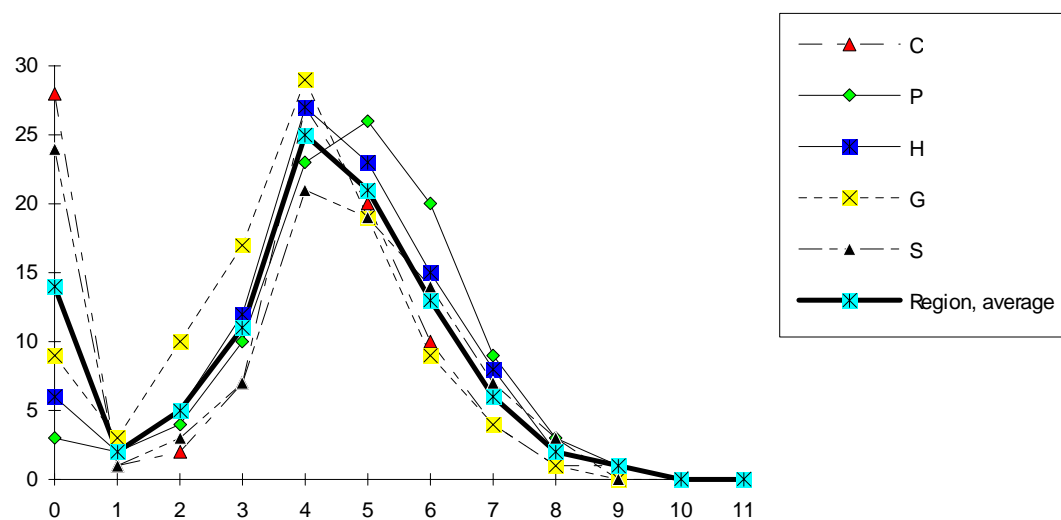
Ratio of households by the number of coping means in 1990



By 1995 the proportion of households not using coping means had significantly decreased, from 23 to 14 percent (Table C.2, Chart 7. 2). The drop was greatest in Slovakia. In the other countries the ratios changed somewhat less, but the spread of coping is evident.

Chart 7.2.

Ratio of households by the number of coping means in 1995



The modal value of coping means was four for the region in both years, except for the Poles in which case it increased to five. However, the average number of coping activities changed markedly in each country and in the region as well (Table 7.1 in text).

Table 7.1.

The average number of coping activities by country

	1990	1995
Czech Rep.	2.8	3.3
Poland	4.2	4.7
Hungary	3.7	4.4
Germany	3.2	3.7
Slovakia	2.4	3.7
<b>Region, average</b>	<b>3.3</b>	<b>4.0</b>

To understand the social context of coping, we should take into consideration the different nature of the coping means. They are different in various ways, such as to what extent other economic actors are involved in the coping act besides the household, whether market or state authorities are part of the action, what type of resources, skills and capital is needed in the course of using them, and so on. Following this line of thought we have devised a (heuristic) categorization of the individual strategies. Three types of coping have been defined based on the resource demand and the potential social consequences of the individual activities. The three types are the following:

**Offensive coping:** We included there those activities that increase income by means of additional effort or risk-taking, the use of financial or commodity market opportunities, and which require some skill and some capital. The items belonging there are doing extra work, petty commodity production and asking for loans. This coping type is considered socially neutral or having positive consequences.

**Defensive coping:** This strategy comprises activities which reduce expenditure. In order to use them, only subsistence labor and some elementary skills are needed. The items included there are cutting expenses, price hunting, repairing used items and performing more domestic work. It is seen as a socially neutral type.

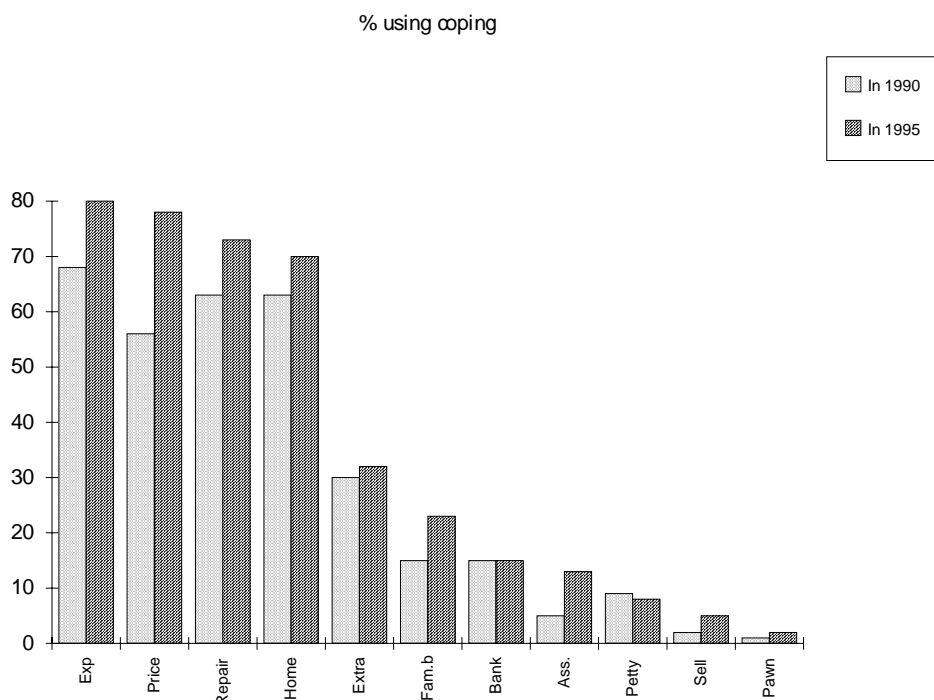
**Crisis coping:** The activities grouped here are often considered socially stigmatizing essentially because -- requiring no special skill -- they are assumed to occur most often in the deprived groups. Their use may threaten the independence of the household by making it dependent on other economic actors or by reducing its wealth. The items in this type cover borrowing from the family, asking for social assistance, pawning and selling possessions<sup>41</sup>.

In both years the four defensive coping means have been by far the most widespread, followed by doing extra work. According to Chart 7.3, while there was a general increase in the use of coping means, the rank order of the individual coping activities did not change much in the region as a whole. Price hunting has become much more widespread, and asking for social assistance has overcome petty production. Otherwise, the rank order of coping means has remained unchanged (Chart 7.3).

<sup>41</sup> Various models of factor analysis were used to check the validity of this heuristic classification. The Table in the Appendix of Chapter 7 shows the overall results of the best model. The first two factors extracted justify unconditionally the grouping of defensive and offensive strategies. The activities belonging to crisis coping are less unequivocal.

Chart 7.3.

The percentage rate of individual coping activities in 1990 and in 1995. Region, average



The same relative stability characterizes almost all the individual countries as shown by Tables C.3 as well as by Charts 7.4 and 7.5.

Chart 7.4. The most frequent coping strategies in 1990 by country (in % of households. The rank order follows the regional average in 1995)

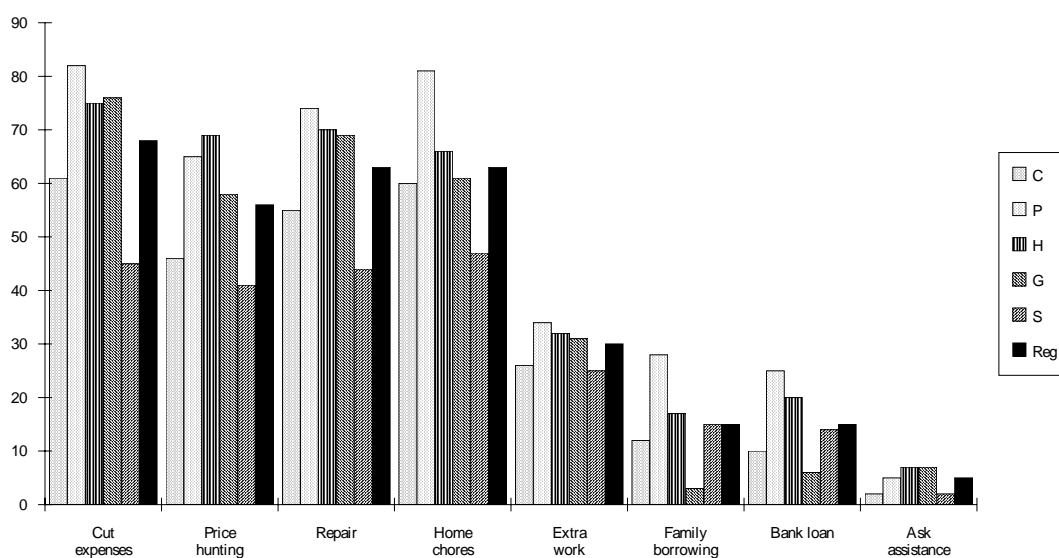
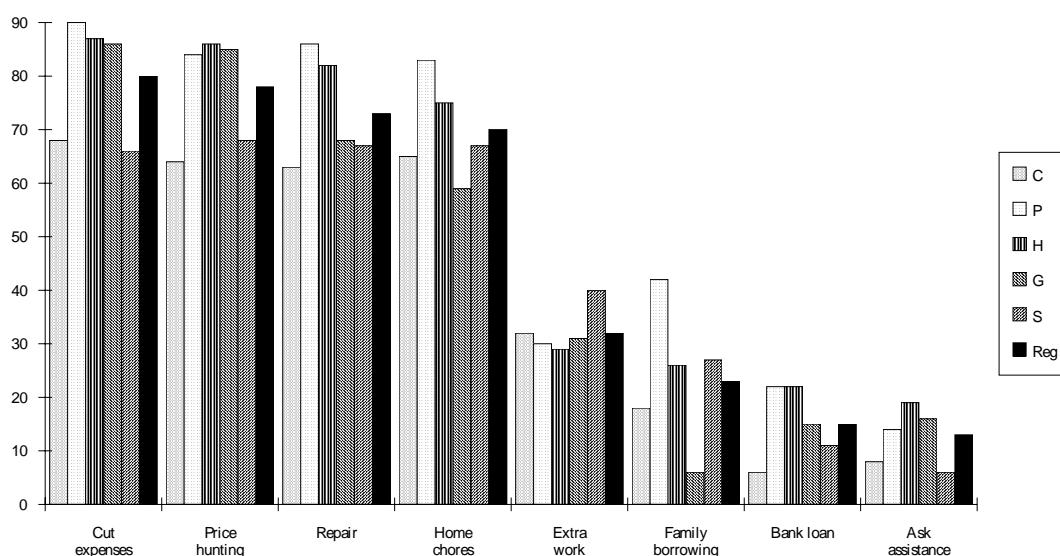


Chart 7.5.

The most frequent coping strategies in 1995 by country(in % of households)



This relatively stable picture suggests that despite the major changes at the macro level and the increased frequency of coping behaviors, the pattern of coping strategies of households that developed during the socialist era survived the transformation period. Inasmuch as they changed, this seems to be due to some new features of the market and to the slightly changing role of the state. The increase in price hunting is the corollary of the emerging and enormously segmented retail trade<sup>42</sup>, and -- obviously -- to the growing need to use this income saving device because of falling income, inflation and similar causes. The relatively fast increase of requests for social assistance has two intertwined reasons. On the one hand, the countries in question -- despite their huge budget deficit -- are providing some new social benefits such as social assistance and unemployment benefits in line with new needs. On the other hand households are more ready to apply for these solutions due to their increasing difficulties.

The diffusion of coping means is very similar in all five countries. There are only few 'deviations' from the general pattern. The three items showing a relatively large between-country variation in 1990 were petty production, bank loans, and borrowing from family. In early 1995 these differences still persisted, but the frequency of asking for assistance has also become more varied. In both years Poland shows the most significant deviation from the general pattern. The relatively large role of selling home production ('petty production') is probably due to the survival of small-scale farming throughout state socialism. Economic pressures and post-peasant networking patterns may have contributed to the relative frequency of family borrowing.

Table C.3 as well as Charts 7.4 and 7.5 show the trend of all and of the eight most wide-spread coping activities in the past five years. In case of the three types of offensive coping activities it appears that the trend of doing extra work for additional income is different in, on the one hand, the Czech Republic and Slovakia and, on the other, Poland and Hungary. Even though the substance of this activity is not very clear, a paradoxical situation seems to occur. The characteristically socialist

<sup>42</sup> The multiplying opportunities for price hunting take many forms such as decentralization of former state mega-firms, the increase of foreign discount trade, the expansion of petty traders, and the mushrooming of all sorts of informal markets and street vendorship.

second economy based on labor intensive, informal extra work seems to be on the rise in the first two countries, in which this economic segment was the least present (or visible) during state socialism. Meanwhile the activities belonging to the second economy seem to have slightly declined in the two countries -- Poland and Hungary -- in which this was the archetype of coping behavior. (All in all the frequency of this activity has become similar in four out of five countries, and has become the most frequent in Slovakia.) This finding suggests that a new type of segmentation may emerge between the countries. It may well be that the openings of a favorable secondary labor market in former Czechoslovakia are increasing while these opportunities are declining in Poland and Hungary following generally worsening labor market conditions.

The change in the use of the other two offensive coping activities follows a similar pattern: in most countries these activities are shrinking or are remaining stable despite the changing conditions which should be conducive to their increase. It is noteworthy that the only activity the frequency of which has declined in three countries is the use of bank-loans. This seems to contradict the spreading market logic but may be explained by high interest rates due to inflation. In fact, the only country in which this item increased significantly is Germany having had at this point the most stable economy. Petty production is still used most frequently in Poland despite a slight decline.

The defensive and crisis types of coping means are on the rise, although less so in case of domestic work than of the other ones. As previously indicated, the German experience is different than that of other countries except for price hunting, which is the most rapidly increasing coping activity in every country, and asking for assistance, which is an option that both German and Hungarian households are the most able and willing to use.

A summary of the proportion of households in each country using the three different types of coping with varying frequency (never, seldom or often) is presented in Table C.4. The between-country differences are more marked in case of offensive and defensive strategies than in case of crisis coping, which is the least wide-spread anyway. All types of coping in both years are most widespread in Poland, with Hungary close behind. On the other end of this scale we find the Czech Republic and Slovakia, where the proportion of those who never use coping means is high and those who often use them is low. The German case differs from this pattern in that the proportion of households that never use coping activities is high, but those who do use coping activities use them more often than Czech and Slovak households.

Table C.5 as well as Charts 7.6 and 7.7. attempt (in a somewhat unorthodox way) to show the changing structure of coping. The units in this table are not the households, but the coping act. The table shows the amazing uniformity of the structure of the types of coping (among those who use these strategies) among the countries. In 1990 the only 'outlier' was Germany with a relatively low rate of crisis coping strategies. In 1995 there were practically no outliers.

Chart 7.6.

The structure of coping strategies: the percentage distribution of the frequencies of the three types of coping, 1990

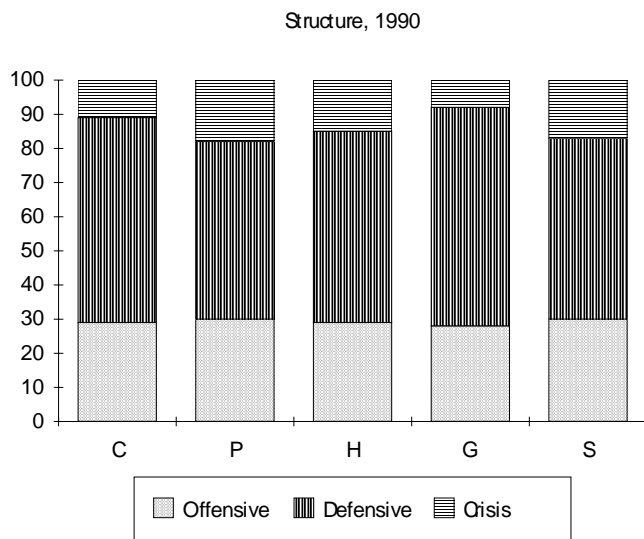
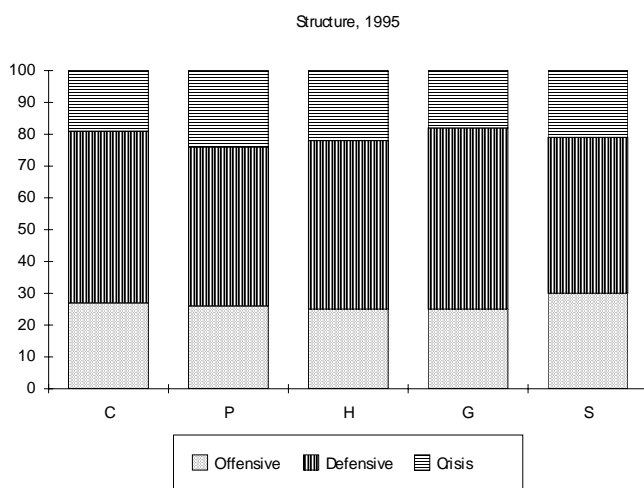


Chart 7.7.

The structure of coping strategies: the percentage distribution of the frequencies of the three types of coping, 1995



On the other hand the Charts 7.6 and 7.7 as well as Table C.5 make clear also the surprising stability in time of the strategies. More precisely there was some increase in crisis coping, particularly in the two countries which had less recourse to it earlier. Due to this change the between-country differences -- never large to start with - have become insignificant. In a sense the relatively stable character of crisis coping suggests that poverty is not too deep at least as yet. The same relative stability of the offensive strategies is less reassuring, it may mean that the market institutions are still weak or market opportunities scarce, and/or that people are not well prepared to use them.

## 7.2 The sociological conditions of coping

### a. Coping in general - all strategies together

A number of hypotheses may be formulated about the conditions which may push people to use some form of coping. It would stand to reason that those who are poorer objectively would turn to these emergency strategies more often than the better-off. The same would apply to those who feel subjectively poor, or who feel that they have difficulties with making ends meet (which is not exactly the same thing). Taking the average number of strategies, all these assumptions seem to hold, but to very different extents. As Table C.6 shows, the objective income level and subjective poverty differentiates coping by and large to the same extent. However, there is a very significant difference between subjective poverty asked in a direct manner (POVER), and the degree of difficulties encountered in making ends meet<sup>43</sup>. This variable (MAKEEND2) is producing in each country a far more significant differentiation than subjective poverty. In fact those who say that they manage very well, hardly need any emergency measures in the Czech Republic and Slovakia. Even in the three other countries they use them much less than those in the top income quintile or even than those who never feel poor. The result seems to be intriguing. It may be interpreted in several ways. *Perhaps the simplest way of explaining this apparent contradiction is that those who have high income or who do not feel poor attain this situation just by using some extra levers - some of the coping strategies. Meanwhile those who feel that they manage very well, feel easy just because they do not need the emergency measures.*

The relationship between coping and some additional factors complete this picture. In general it seems to be true that need and coping are not always related. It is for instance unconditionally true that the older people (over 60) use coping means significantly less than the younger. In this sense young age is an important enabling condition. The same is true for single parents or households with sick people. On the other hand the unemployed (under 60) look for these strategies more often than those who have a job.

### b. Factors differentiating between various types of coping

Based on the logic of the differentiation between various types of coping strategies it may be assumed that offensive strategies are more often used by those who have more economic and cultural resources, or that crisis coping occurs more frequently when there is a 'crisis situation' such as unemployment. The prevalence of the three coping types in the five groups who have more or less difficulties in making ends meet throws some light on this assumption. As shown by Table C.7, offensive strategies while not very prevalent in general are used with almost equal intensity by all five groups in Poland and Hungary, and with equal intensity by the first 3 groups in the other countries. They disappear only in the top group in the Czech Republic. Defensive strategies show in each country a steep downward slope, but again the decrease starts everywhere only in the 4th group, those who are quite well off, and continues to decrease or disappears altogether in the best-off group. It is only in case of the crisis strategies that there is a genuine gradual decrease from the worst-off to the best-off group. And it is only in this case that there is a significant difference between the first or the first two groups and the others. *In other words crisis coping is indeed mainly used by those who feel*

<sup>43</sup> When we analyzed the factors having an impact on these two variables, the differences were slight - see Appendix to Chapter 4.

*to be in crisis.*

A similar but less clear pattern may be observed in case of the income quintiles. The details about the individual strategies presented in Tables C.8.a, b and c show that tendencies vary by strategy. In most cases there is a more or less consistent decline. Still, there is no uniformity. It happens only in the case of offensive strategies that a slight U-curve may be seen in part of the countries, namely in Germany, the Czech Republic and Hungary. This finding suggests that while extra work may be a primary means of coping among the income poor in Slovakia and Poland it is also a self-exploitative form of making money on the side in the other countries even when need is not imperative. Asking for loans has an U-shaped curve only in Germany but the gradient is not very steep in the other countries either.

As far as defensive coping strategies are concerned, the lowest income quintiles use them (almost without exception) the most, and the highest quintiles use them the least, while the quintiles in between usually show a continually declining trend. Some of the sharp dividing lines observed in the former Table reappear. In Germany a point of division hardly exists, except in the case of domestic work, which is rarely used in the fourth and fifth quintiles. The Czech Republic has two dividing points. The two lowest quintiles have the highest defensive coping intensity, while the fifth quintile has the lowest. However, unlike in Germany, the two remaining quintiles are sharply distinct from both extremes. This distribution may hint to an emerging segmentation of society. The Slovak experience is entirely different -- it has a single division between the lowest four quintiles and the highest one. While in the first four groups the frequency of defensive coping remains high, although it slowly decreases, in the fifth quintile the intensity of this form of coping is very low. This finding may be an indication of an emerging small elite stratification system. The difference between the lowest and the highest income quintiles is the smallest in Hungary and Poland. These two countries are somewhat similar to Slovakia, that is, their income-elites use defensive coping means less intensively than the other income groups. Of course one cannot draw too far-reaching conclusions about the shape of the newly emerging social structures on the basis of coping strategies alone. However, similar inferences may be drawn from other findings of this survey.

In the case of crisis coping the relationships characterizing the variable 'making ends meet' is confirmed. Borrowing from family and asking for social assistance are very frequent in the lowest income quintile and more or less continuously decline with rising income. In Germany and the Czech Republic borrowing may indeed be stigmatizing, since only those in maximum need use it relatively frequently, while in the other countries the distribution is more equal and only the well-to-do households do not borrow. The same is even more true for asking for assistance, with the notable exception of Germany, where even in the highest income quintile every tenth household uses this means of coping. (The explanation was given in Chapter 6.)

Along with subjective and objective levels of well-being the frequency and the structure of coping strategies are influenced also by other socio-demographic characteristics and the institutional contexts in which they exist. Since we come back to this issue in a complex way in the last part of this chapter, we just present some examples in two different ways.

First, two coping activities and four socio-demographic variables have been selected as examples to show the interrelation between coping and social factors. The two selected coping activities are extra work (a means of offensive coping that often deviated from the central hypothesis of being correlated with need) and the repair of belongings (which, on the contrary, always fit the hypothesis). Without displaying the detailed data, let us just tell the tale. Reliance on extra work goes up and repair goes down with increase in the level of education. Doing extra work is more frequent the younger the head of household is, while the intensity of repairing goods does not differ with age. Finally, the intensity with which both coping means are used increases when the head of the household is unemployed.

Various social factors may have different relations to different coping means due to their



distinct social and economic characteristics. As for the two previous examples, a possible explanation of their different relations to educational level and age may be that extra work assumes marketable labor skills, while repair does not. And the marketability of domestic labor decreases with growing age and lower educational level, while the skills necessary to do minor domestic repair jobs are not dependent on age or formal education. The fact that the rate of unemployment positively correlates with the intensity of both coping means may be explained by the income constraints and available time caused by unemployment, conditions that increase the pressure and the possibility to do more informal or domestic work.

Second, we shall present some data on the overall interrelations between education, age and unemployment. According to Table C.9 education, unemployment and age all function in the same way: there is always a decrease in the intensity of coping as we go from the worse-off to the better-off groups. However, the differences are sharper, sometimes much sharper between the unemployed and the employed than between the less and best educated. The explanation lies partly in the U-shaped curves occurring in case of the strategies needing more resources. Table C.10 completes this picture. It becomes then clear that age is a very important intervening variable: if we take only those households in which the head is under sixty, the difference in the gradient is practically disappearing between the groups of the employed and of the unemployed: the influence of the educational level is similar in both cases. In the small group where the head is over 60 and there is unemployment, the coping activity is independent of education (the figures are insignificant and not displayed) and even in the larger group of the elderly who are practically all pensioners the intensity and the differentiation of coping is weak as compared to the younger groups.

### ***7.3 The interrelation between coping strategies***

Since all coping activities serve the same goal, have similar causes, and depend on similar household resources (labor, networks, and some minor amount of physical capital) we may assume that the different coping activities positively correlate with each other. In other words, households use coping activities in different combinations, but using a particular coping means increases the chances of using some other ones as well.

As Table C.11 shows, there are no negative signs among the eleven coping means, which proves the previous hypothesis. When the focus on using coping means often (in the upper part of the table) is shifted to the looser definition of coping, that is, using coping means at all (in the lower part of the table), the values of the correlation coefficients increase, which indicates that in the household economy, using or not using coping activities is the dominant choice, and it is almost independent of the intensity of using coping means. Finally, the lack of a strong correlation suggests that various combinations of coping strategies exist but the simultaneous use of different non-defensive strategies is not wide-spread. The only strong association among the coping activities is between the four domestic coping means that are of a self-subsistence type, and these are also the most widespread ones, falling into the category of defensive coping<sup>44</sup>.

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<sup>44</sup> Several cluster analyses were run in order to find the combination of various coping strategies and to discover whether the different combinations characterized different sociologically relevant groups. The results confirm to some extent the validity of the three coping types defined earlier but suggest that reality may be more complex. One of the analyzes yielded for instance five clusters from 'no-coping' to 'all coping', and their socio-economic characteristics were sometimes, if not often, significantly different. The detailed results will not be reproduced in this volume.

## 7.4 What makes households use coping strategies?

We previously argued that the intensity of the use of coping strategies should be closely related to the level of economic pressure weighing on households. We have shown some evidence illustrating empirically the validity of this assumption. In order to have a more complex understanding of the underlying reasons, motivations or conditions we used regression analysis also in this case.

### a. Analysis according to the type of the motivating factors

Two different approaches had been applied. In the **first series** of runs we made a heuristic classification of the factors assumed to impact in different ways. Three categories were distinguished, so-called ‘forcing’, ‘enabling’ and ‘conditioning or limiting’ factors.

The assumption (to some extent already checked) about **forcing factors** was that objective and subjective income poverty as well as unemployment create conditions which coerce the households to have recourse to emergency measures. Therefore a negative association was assumed between the intensity of coping and these variables. In fact, forcing factors comprised the variables about make ends meet-now (in 2 groups); the number of problems the household had with housing costs; subjective poverty; unemployment in household; deficit in nutrition; more or less difficulty in meeting housing costs; equivalent income quintiles. All these are variables about which it was assumed that they will be negatively correlated with the intensity of coping<sup>45</sup>.

In case of the so-called **enabling factors** it was assumed that while these could be resources enabling offensive strategies, they make at the same time superfluous the emergency measures. They included the educational level of the household head; the total wealth of the household; the fact of having an enterprise; young age (under 40); active labor market participation of the head of household; and the saving ability of the household. It was already earlier uncovered that despite their enabling quality most of these variables are negatively correlated with coping - but a check of this type seemed to be warranted.

The **limiting or conditioning** factors were supposed to express the fact that in order to cope the household has to have some resources to use. Borrowing assumes the ability to return the debt, repair assumes physical strength and some skills, price hunting necessitates a varied market at available distance. Also, we wished to check the impact of some family conditions. Income data suggested that single person households, single parents, and households with children are poorer and have more need to cope, but at the same time all these are factors which make difficult to find time and energy for coping. Hence, there was no strong hypothesis about their impact, but the check was run. The variables in this set included the type of settlement; old age (over 60); the number of children; whether the type of household was single person, or single parent.

Table C.12 summarizes the main findings. The first part of the table presents the percentage of the explained variance in case of the three types of factors, and also in the case when all (significant) factors had been included in one equation (leaving out those factors which did not have significance in any country in the partial equations). These figures confirm that the main motivation behind coping is need. In all the countries the forcing factors have the highest explanatory value, almost as much as all the factors taken together. However, both the enabling and the limiting factors have some independent role. These figures confirm the former impression that the Czech Republic and Slovakia are socially much more divided or heterogeneous in the coping practices than the other countries both in case of the forcing and of the enabling factors. (The between-country difference in case of the

<sup>45</sup> More precisely we imply that there is a negative relationship when the independent variable is scaled from ‘bad’ to ‘good’. The variable PROBNUM represents a reversed case a higher value signaling more problems. Hence the relationship with crisis coping at least should have a positive sign.

forcing factors is by far the largest, though.)

The second part of the table mostly confirms the original assumptions and the findings presented in section 7.2. As far as the forcing factors are concerned, the difficulties of making ends meet are always overshadowing the importance of subjective poverty, and they constitute one of the two factors which are highly significant in all the countries and in the total sample both when analyzed separately as a forcing factor, and when analyzed together with all the other factors. The other variable having a similar intense impact is the number of the problems the household had with covering housing costs<sup>46</sup>. (The reader may be reminded that the impact of the difficulties with housing costs did not have such a remarkable impact of the subjective feeling of poverty.) The third factor which appears as a more or less significant forcing factor at least in the partial equation in four countries out of five is unemployment. The exception is the Czech Republic where unemployment is objectively a lesser problem. When we attempted to make a distinction between country-specific and non-system-specific factors, this factor presented one of the clearest cases. (The other such factor seems to be the size of the settlement which does have an impact in two of the less urbanized countries and in Germany. In all those cases people use coping more in the smaller<sup>47</sup> than in larger settlements which runs contrary to our assumptions. We did not clarify the reasons of this discrepancy.)

Out of the enabling factors there is just one which appears significant in all the countries in the partial equation, the ability to save. The relationship is (of course) negative with coping, much more clearly so than in case of objective income or overall wealth. Despite of the strength of this relationship, the impact of the variable relating to saving practically disappears in the summary equation. The other variable which appears as (more or less) significant in all the countries is the activity of the head of household. In this case the relationship is positive: active people are using coping strategies much more than pensioners - and even more so if they are under 40. (If the five countries are taken together, all these variables become highly significant, with the exception of wealth. We take this as indicating that between-country variations are important, and the pooling of countries may blur these differences, overemphasizing or over-generalizing the role of some factors which are not everywhere important.)

The conditioning factors confirm the negative relationship between older age and coping activities, but add one important element to the previous findings. The number of children appears (on various levels of significance) in all the countries as a factor which forces people to use coping means - with the exception of single parents, who do not have the necessary time and energy<sup>48</sup>. However, in the summary equation only older age retains some significance - while on the level of the region the number of children reappear as significant (which means that it is also overemphasized).

## **b. Analysis according to the type of coping**

The previous findings about the differences in the structure of coping strategies suggested that it might be worthwhile to make a complex analysis of the determining factors according to the three types of coping (offensive, defensive and crisis). The dependent variable in each case was the number of the coping activities belonging to the type of coping in question. In other words we asked

<sup>46</sup> The beta coefficients were always significantly higher in case of MAKEEND than of PROBNUM, whether we used the compressed or uncompressed variant of making ends meet.

<sup>47</sup> The variable included referred to the capital, other towns and villages. There were runs also with the size of the settlement producing similar results.

<sup>48</sup> The role of gender and of widowhood was checked separately. Neither had a significant relationship with coping. Since most single parents and the majority of widows are women, these factors reinforce each other's negative impact on coping.

the question to what extent does the intensity of offensive, defensive and crisis coping depend on similar or different causes? Table C.13 presents a first approach of the answer<sup>49</sup>.

It seems that crisis coping is much more sensitive to the impact of explanatory factors than the two other types, and the underlying causes are more homogeneous. One of the two strongest and most ubiquitous factors is the difficulty of paying housing costs - a far weaker factor in case of the two other strategies. The other forcing factor, making ends meet is also highly significant in each country. The presence of children is not always important, but in any case it appears as a significant factor only in connection with crisis strategies (which makes it a forcing factor, indeed). The same is true for unemployment which appears only once (in Poland) as significant, and then it is connected to crisis coping.

There is less between-country homogeneity in the explanation of defensive strategies. In the two parts of former Czechoslovakia this is the best explained type, in the three other countries less than 20 percent is explained of the variance. The explanatory causes are slightly more varied. The difficulty of making ends meet is here, too, the strongest and most ubiquitous factor, introducing some homogeneity in the explanation. The second factor which appears in four countries is being single. The other factors vary.

The explanation of offensive strategies is altogether not too convincing (in each country the explained part of the variance is under 20 percent). However, the set of explanatory variables show two particularities: they differ widely from country to country, and 'they make sense'. We mean thereby that some variables which have usually a negative relationship with coping show in this case a positive sign. This happens both with saving and with entrepreneurship. In other words those who can save more and who have a private venture are more likely to try these strategies than the others. Also, active heads of household are more likely to try offensive than other strategies. Even if the other variables are similar to the general pattern, this particularities make it worth while to retain this group of strategies separately.

To sum up these results of the multivariate analyses, one may note that all types of socio-economic factors -- forcing, enabling and limiting ones -- have a significant and independent role in motivating people to use coping strategies, implying that coping behavior is an interplay of pressures and possibilities and at the same time depends on the institutional context in which households operate. However it cannot be doubted that pressures or need constitute a stronger motivation than opportunities. It appears also that the motivations behind the various types of coping are not identical. Even if forcing factors are almost ubiquitous, they play the largest role in case of crisis coping. Meanwhile, enabling factors appear only in case of offensive coping but their role is not too strong.

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<sup>49</sup> As explained more in detail as a note to Table C.13, the adjusted R squares for the whole country (taken all variables or all strategies together) differ only because we used one variable (MAKEEND2) in two different forms, uncompressed (Table C.13) and compressed (C.12). We run the control for C.13 with the compressed variable. It makes a difference only in case of the defensive strategies, and only with regard to the Czech and Slovak Republics. The problem is methodological rather than substantive, all the tendencies have been identical in the two runs.

## Tables Chapter 7

Table C.1.

Percentage distribution of households by the number of coping means in 1990 by country

	Czech Rep.	Poland	Hungary	Gemany	Slovakia	Region, average
0	31	8	15	15	46	23
1	4	4	3	6	2	4
2	6	6	6	9	4	6
3	13	13	13	20	7	13
4	22	24	27	27	15	23
5	16	22	20	15	14	17
6	5	13	11	5	7	9
7	2	7	4	2	4	4
8	1	2	1	1	1	1
9	0	1	0	0	0	0
10	0	0	0	0	0	0
11	0	0	0	0	0	0
Country, total	100	100	100	100	100	100

Table C.2.

Percentage distribution of households by the number of coping means in 1995 by country

	Czech Rep.	Poland	Hungary	Gemany	Slovakia	Region, average
0	28	3	6	9	24	14
1	1	2	2	3	1	2
2	2	4	5	10	3	5
3	7	10	12	17	7	11
4	26	23	26	28	22	25
5	20	25	23	19	19	21
6	10	20	15	9	14	13
7	4	9	8	4	7	6
8	1	3	2	1	3	2
9	1	1	1	0	0	1
10	0	0	0	0	0	0
11	0	0	0	0	0	0
Country, total	100	100	100	100	100	100

Table C.3.

The incidence of individual coping activities in 1990 and in 1995 (% of households using the activity, in the order of the questionnaire)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
1990						
Extra work	26	34	32	31	25	30
Petty production	4	19	6	10	4	9
Home chores	60	81	66	61	47	63
Price hunting	46	65	69	58	41	56
Repair	55	74	70	69	44	63
Cut expenses	61	82	75	76	45	68
Bank loan	10	25	20	6	14	15
Family borrowing	12	28	17	3	15	15
Pawning	0	0	2	0	1	1
Sell possessions	3	3	2	2	2	2
Ask assistance	2	5	7	7	2	5
1995						
Extra work	32	30	29	31	40	32
Petty production	5	16	7	5	7	8
Home chores	65	83	75	59	67	70
Price hunting	64	84	86	85	68	78
Repair	63	86	82	68	67	73
Cut expenses	68	90	87	86	66	80
Bank loan	6	22	22	15	11	15
Family borrowing	18	42	26	6	27	23
Pawning	1	1	4	0	1	2
Sell possessions	6	4	4	2	5	5
Ask assistance	8	14	19	16	6	13

Table C.4.

The percentage distribution of households according to the frequency of the use of the three types of coping.

	1990				1995			
	Never	Seldom	Often	Total	Never	Seldom	Often	Total
<b>Offensive coping</b>								
Czech Rep.	68	24	8	100	65	24	11	100
Poland	46	31	23	100	50	27	23	100
Hungary	56	26	18	100	56	22	22	100
Germany	63	19	18	100	60	21	19	100
Slovakia	69	23	8	100	55	27	18	100
Region, average	60	25	15	100	57	24	19	100
<b>Defensive coping</b>								
Czech Rep.	32	22	46	100	28	12	60	100
Poland	8	22	70	100	4	9	87	100
Hungary	16	19	65	100	6	8	86	100
Germany	15	18	67	100	10	10	80	100
Slovakia	47	14	39	100	25	13	62	100
Region, average	23	19	59	100	14	10	76	100
<b>Crisis coping</b>								
Czech Rep.	85	12	3	100	75	20	5	100
Poland	69	25	5	100	53	29	18	100
Hungary	77	18	5	100	62	27	11	100
Germany	90	8	2	100	81	14	5	100
Slovakia	83	15	2	100	69	26	5	100
Region, average	81	16	3	100	68	23	9	100

Table C.5.

The structure of coping strategies: the frequencies of occurrence and the percentage distribution of the frequencies of the three types of coping.

Type of coping	Offensive	Defensive	Crisis	Total	Offensive	Defensive	Crisis	Total
coping activities, frequencies of occurrence								
	1990				1995			
Czech Rep.	32	68	15	115	35	72	25	<b>132</b>
Poland	54	92	31	177	50	96	47	<b>193</b>
Hungary	44	84	23	151	44	94	38	<b>176</b>
Germany	37	85	10	132	40	90	29	<b>159</b>
Slovakia	31	53	17	101	45	75	31	<b>151</b>
Region, average	40	77	19	136	43	86	32	<b>161</b>
coping events, the percentage distribution of their frequencies								
Czech Rep.	28	59	13	100	27	55	19	<b>100</b>
Poland	30	52	18	100	26	50	24	<b>100</b>
Hungary	29	56	15	100	25	53	22	<b>100</b>
Germany	28	64	8	100	25	57	18	<b>100</b>
Slovakia	30	53	17	100	30	50	21	<b>100</b>
Region, average	29	57	14	100	27	53	20	<b>100</b>

Table C.6.

The average number of coping activities (PRESD) by levels of objective and subjective well-being

Country	Czech R.	Poland	Hungary	Germany	Slovakia
Means of PRESD by IUNIT5					
1 Lowest quintile	4.5	5.7	4.9	4.5	4.7
2	3.5	5.0	4.6	3.8	4.1
3	3.3	4.7	4.3	3.7	4.0
4	3.0	4.5	4.4	3.4	3.7
5 Highest quintile	2.4	3.8	4.0	3.2	2.1
<b>Total</b>	<b>3.4</b>	<b>4.7</b>	<b>4.4</b>	<b>3.8</b>	<b>3.7</b>
Means of PRESD by POVER					
Absolutely poor	4.7	5.3	4.6	5.1	4.7
Occasionally poor	4.2	5.0	4.7	4.3	4.5
Not poor at all	2.3	3.8	3.6	3.4	2.4
<b>Total</b>	<b>3.4</b>	<b>4.7</b>	<b>4.4</b>	<b>3.7</b>	<b>3.7</b>
Means of PRESD by MAKEEND2					
1 Great difficulties	5.1	5.5	5.1	4.6	5.1
2 Some difficulties	4.9	5.0	4.7	4.8	4.9
3 Just so-so	4.4	4.5	4.3	4.0	4.6
4 Well	1.3	3.4	3.1	3.1	0.3
5 Very well	0.3	2.2	1.6	2.2	0.1
<b>Total</b>	<b>3.4</b>	<b>4.7</b>	<b>4.4</b>	<b>3.7</b>	<b>3.7</b>



Table C.7.

The average number of the three types of coping activities (of offensive, defensive and crisis strategies) in the groups who have more or less difficulties in making end meet.

Country	Czech Rep.	Poland	Hungary	Germany	Slovakia
Means of offensive strategies (PROFFNO) by MAKEEND2					
1 Great difficulties	0.7	0.7	0.6	0.6	0.7
2 Some difficulties	0.5	0.7	0.6	0.8	0.8
3 Just so-so	0.5	0.8	0.6	0.5	0.7
4 Well	0.2	0.6	0.5	0.4	0.1
5 Very well	0.0	0.4	0.6	0.2	0.1
<b>Total</b>	<b>0.4</b>	<b>0.7</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>
Means of defensive strategies (PRDEFNO) by MAKEEND2					
1 Great difficulties	3.5	3.7	3.5	3.3	3.5
2 Some difficulties	3.7	3.7	3.6	3.4	3.5
3 Just so-so	3.5	3.4	3.3	3.2	3.5
4 Well	1.0	2.6	2.5	2.6	0.2
5 Very well	0.3	1.7	0.9	1.9	0.0
<b>Total</b>	<b>2.6</b>	<b>3.4</b>	<b>3.3</b>	<b>3.0</b>	<b>2.7</b>
Means of crisis strategies (PRCRISNO) by MAKEEND2					
1 Great difficulties	0.9	1.1	1.0	0.7	0.9
2 Some difficulties	0.6	0.6	0.5	0.6	0.6
3 Just so-so	0.4	0.4	0.4	0.2	0.4
4 Well	0.1	0.2	0.1	0.1	0.0
5 Very well	0.0	0.1	0.1	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>0.6</b>	<b>0.5</b>	<b>0.2</b>	<b>0.4</b>
n in the sample for MAKEEND2					
1 Great difficulties	54	275	235	46	104
2 Some difficulties	183	342	232	185	220
3 Just so-so	393	277	403	421	432
4 Well	318	127	119	423	220
5 Very well	44	14	7	34	14
<b>Total</b>	<b>997</b>	<b>1035</b>	<b>998</b>	<b>1109</b>	<b>992</b>

Table C.8.  
Percentage rate of the use of some characteristic individual coping activities  
within equivalent income quintiles in 1995

Table C.8.a. Some offensive strategies

	Lowest quintile	2.	3.	4.	Highest quintile
Extra work					
Czech Rep.	49	27	24	27	38
Poland	39	32	27	26	24
Hungary	33	30	26	21	35
Germany	48	33	21	24	33
Slovakia	63	45	39	32	23
Asking for loans					
Czech Rep.	12	5	4	6	5
Poland	26	24	20	23	21
Hungary	32	26	19	15	19
Germany	19	12	13	11	17
Slovakia	15	13	12	10	7

Table C.8.b. Some defensive strategies

	Lowest quintile	2.	3.	4.	Highest quintile
More domestic work					
Czech Rep.	81	80	61	59	48
Poland	88	87	85	87	71
Hungary	81	81	78	73	64
Germany	71	65	61	50	47
Slovakia	84	74	76	71	35
Price hunting					
Czech Rep.	82	78	57	57	45
Poland	91	92	85	82	70
Hungary	92	87	87	86	78
Germany	96	91	86	81	77
Slovakia	83	72	80	73	34
Cut expenses					
Czech Rep.	83	81	63	67	51
Poland	95	92	91	92	81
Hungary	91	88	85	80	80
Germany	95	89	85	80	80
Slovakia	78	70	78	74	34

Table C.8c.  
Some crisis strategies

	Lowest quintile	2.	3.	4.	Highest quintile
Borrowing					
Czech Rep.	35	17	10	12	14
Poland	63	50	40	39	20
Hungary	46	30	18	21	18
Germany	12	6	4	4	3
Slovakia	43	37	28	23	8
Asking for assistance					
Czech Rep.	22	7	6	2	1
Poland	39	14	8	5	1
Hungary	47	18	16	11	4
Germany	32	18	12	11	10
Slovakia	16	7	4	3	2

Table C.9.  
The average number of coping activities by education, unemployment and age of head of household.

Country	Czech R.	Poland	Hungary	Germany	Slovakia	Region, average
Educational level of head of HH						
Primary and less	3.7	4.7	4.3	3.5	3.9	4.1
Vocational	3.7	5.0	4.7	3.9	4.0	4.2
Secondary	3.0	4.7	4.3	3.7	3.6	3.8
Higher	2.4	4.2	3.9	3.8	2.8	3.4
Total	3.3	4.7	4.4	3.7	3.7	4.0
Unemployment in household						
Yes	4.7	5.7	5.4	4.5	4.7	5.0
No	3.3	4.5	4.2	3.5	3.5	3.8
Total	3.3	4.7	4.4	3.7	3.7	4.0
Age of head of household						
Under 60	3.5	4.9	4.7	4.0	3.8	4.2
Over 60	3.0	3.8	3.6	3.1	3.3	3.3
Total	3.3	4.7	4.4	3.7	3.7	4.0

Table C.10. The average number of coping activities combining education, unemployment and age of head of household.

	Unempl in HH	No unempl in HH	Total	Unempl in HH	No unempl in HH	Total
Means			n in sample			
under 60						
Primary and less	5.3	4.5	4.8	222	475	697
Vocational	5.1	4.2	4.4	316	1107	1423
Secondary	4.8	3.8	4.0	190	992	1182
Higher	4.4	3.4	3.5	50	535	585
Total	5.1	4.0	4.2	778	3109	3887
61 and over						
Primary and less	4.3	3.4	3.4	23	638	661
Vocational	4.6	3.1	3.2	9	244	253
Secondary	4.1	3.3	3.3	10	223	233
Higher	4.4	2.9	3.0	5	105	110
Total	4.3	3.3	3.3	47	1210	1257
Together						
Primary and less	5.2	3.9	4.1	245	1113	1358
Vocational	5.1	4.0	4.2	325	1351	1676
Secondary	4.8	3.7	3.8	200	1215	1415
Higher	4.4	3.3	3.4	55	640	695
Altogether	5.0	3.8	4.0	825	4319	5144

Table C.11.  
Correlation among coping means by the frequency of coping in 1995 (in whole sample)

	Extra w.	Petty	Chore	Price	Repair	Cut	Loan	Bor- row	Pawn	Sell	Wel- fare
<b>Often cope</b>											
Extra	-	.13	.13	.14	.10	.13	.10				.10
Petty		-	.11								
Chore			-	.40	.45	.39	.12	.10			
Price				-	.47	.52	.11	.16			.12
Repair					-	.48	.12	.19			.14
Cut						-	.12	.16			.13
Loan							-	.21	.10	.10	.12
Borrow								-	.18	.17	.27
Pawn									-	.20	.14
Sell										-	.14
<b>Seldom or often cope</b>											
Extra	-	.14	.25	.22	.21	.23	.14	.18		.11	.11
Petty		-	.15		.11	.11	.10				
Chore			-	.55	.57	.54	.15	.20			
Price				-	.62	.67	.16	.20			.16
Repair					-	.60	.15	.23			.16
Cut						-	.15	.19			.14
Loan							-	.24	.10	.10	.12
Borrow								-	.15	.15	.20
Pawn									-	.21	.16
Sell										-	.14

Table C.12

The main results of the linear regression analysis to explain the variation in the motivating or forcing factors of coping

Factors/ Country	Forcing factors	Enabling factors	Limiting factors	All (significant) factors together
<b>Adj.R square (explained variance)</b>				
Czech Rep.	51.2	10.3	1.8	51.2
Poland	23.1	7.7	10.5	27.9
Hungary	20.8	13.0	12.0	28.9
Germany	17.7	6.7	7.4	21.2
Slovakia	62.6	16.8	1.2	63.8
Region, total	34.6	11.5	4.8	36.8
<b>The most significant explanatory variables</b>				
<b>Czech Rep.</b>				
Sign on *** level	-MAKE123 PROBNUM	- EDUC1S4G - SAVE ACTIV		-MAKE123 PROBNUM
Sign on * or ** level		- age1 (40+)	childn singpar	-age2 (40+)
<b>Poland</b>				
Sign on *** level	-MAKE123 PROBNUM UNEMP	ACTIV - SAVE	CHILDN AGE2 ((60+) SINGLE	-MAKE123 PROBNUM UNEMP - AGE1 (40+)
Sign on * or ** level	probnum -pover	age2 (40+) ventyes	settle	activ childn
<b>Hungary</b>				
Sign on *** level	-MAKE123 PROBNUM UNEMP	-SAVE -AGE1(+40) ACTIV	CHILDN SINGLE - AGE2 (60+)	-MAKE123 PROBNUM -AGE1(+40) UNEMP SINGLE
Sign on * or ** level			settle	save activ childn
<b>Germany</b>				
Sign on *** level	- MAKEEND2	-AGE1(+40) SAVE	- AGE2 (60+)	-MAKE123 PROBNUM POVER
Sign on * or ** level	probnum -pover unemp	activ altoget	-settle	--age2(+60) educ1 single child
<b>Slovakia</b>				
Sign on *** level	-MAKE123 PROBNUM UNEMP	SAVE	CHILDN - AGE2 (60+) SINGLE	-MAKE123 PROBNUM
Sign on * or ** level	-educ1 activ	-educ1 activ	childn	--age1(+40) --age2(+60)
<b>All countries together</b>				
Sign on *** level	-MAKE123 PROBNUM UNEMP	-EDUC1 -AGE1(+40) ACTIV SAVE VENTYES	CHILDN - AGE2 (60+) SINGLE	-MAKE123 PROBNUM -AGE1(+40) UNEMP CHILDN - AGE2 (60+)
Sign on * or ** level	POVER			

\*

#### FORCING FACTORS:

MAKEND123	Make ends meet-now (5-point scale, compressed in 2, 1-2-3 and 4-5 )
PROBNUM	How many problems did they have with housing costs?
POVER	Subjective poverty recoded
UNEMP	Is any member of HH unemployed?
DEFIC1	There is a deficit in the nutrition of the HH
COSTCOM	Coverage of housing costs - more difficult, same, less difficult
IUNIT5	Equivalent income quintiles

#### ENABLING FACTORS

EDUC1S4G	Education level of head of HH, compressed, 4 groups
AGECOH1	Age of HH: under/over 40
ACTIVY	Any active in HH (Dummy)
VENTYES	Private venture now
SAVE	Could the HH save money in 1994?
ALTOGET	Total wealth of HH (if they sold everything..)

#### LIMITING (CONDITIONING) FACTORS

SETTLE	Size (type) of settlement
AGECOH2	Age of HH: under/over 60
CHILDNX	Number of children up to secondary school age
SINGPAR	The HH type is single parent (Dummy)
SINGLEX	The HH type is single person (Dummy)

Table C.13.

The main results of the linear regression analysis to explain the variation in the use of various types of coping\*

Type of strategy/ Country	Defensive strategies (PRDEFNO)	Offensive strategies (PROFFNO)	Crisis strategies (PRCRISNO)	All coping activities (PRESNO)
<b>Adj.R square (explained variance)</b>				
Czech Rep.	40.1	12.8	19.5	40.3
Poland	17.2	13.8	28.1	29.1
Hungary	12.8	13.4	29.7	29.6
Germany	12.2	14.5	22.6	21.8
Slovakia	39.2	18.8	24.1	41.2
<b>The most significant explanatory variables</b>				
<b>Czech Rep.</b>				
Sign on *** level	-MAKEEND2	-MAKEEND2	-MAKEEND2 PROBNUM - AGE2 (60+)	-MAKEEND2
Sign on * or ** level	single	- age1 (60+) + ventyes	pover	- age2 (60+)
<b>Poland</b>				
Sign on *** level	-MAKEEND2 -VENTYES SINGLE	ACTIV	-MAKEEND2 PROBNUM UNEMP -POVER	-MAKEEND2 UNEMP POVER SINGLE
Sign on * or ** level	probnum - uint5	probnum -age2 (+60) unemp save	-age2 (+60) iunit5 child	probnum -age2 (60+) activ -iunit5 singpar
<b>Hungary</b>				
Sign on *** level	-MAKEEND2 SINGLE	PROBNUM -AGE1(+40)	-MAKEEND2 PROBNUM - AGE1(+40) CHILDN	-MAKEEND2 PROBNUM -AGE1(+40) UNEMP SINGLE
Sign on * or ** level	probnum activ	unemp	unemp	childn save
<b>Germany</b>				
Sign on *** level	-MAKEEND2	+VENTYES -AGE2(+60)	-MAKEEND2 PROBNUM	-MAKEEND2
Sign on * or ** level	-educ unemp childn single pover	- makeend2 probnum	+ventyes singpar -age2 (60+)	probnum unemp educ ventyes pover childn
<b>Slovakia</b>				
Sign on *** level	-MAKEEND2 SAVE	-MAKEEND2 PROBNUM	-MAKEEND2 PROBNUM	-MAKEEND2 PROBNUM - SAVE
Sign on * or ** level	-ventyes -iunit	activ - age1(+40) sinle singpar +ventyes -save	- age1(+40) -age2 (60+) pover	pover

\* There were several runs with the various groups of independent variables. We repeated all the runs with the above three groups of factors (forcing, enabling and limiting ones). We also tried out some others. The differences found beforehand and presented in Table C. 12 were reappearing. Hence we present only the results run with all the variables combined. For various reasons we added the variable about the changed level of nutrition. And for technical reasons we included the variable on making ends meet not in its condensed but in its

original form. (We wanted to check and show the difference between these two variants or rather that the significance of this variable is huge independently of its scaling. However, the condensed form produced much higher adjusted R squares in two countries. ) Altogether the following 14 variables had been retained:

EDUC1S4G	Education level of head of HH, compressed, 4 groups
IUNIT5	Equivalent income quintiles
AGECOH1	Age of HH: under/over 40
ACTIVY	Any active in HH (Dummy)
VENTYES	Private venture now
AGECOH2	Age of HH: under/over 60
CHILDNX	Number of children up to secondary school age
SINGPAR	The HH type is single parent (Dummy)
SINGLEX	The HH type is single person (Dummy)
MAKEEND2	Make ends meet-now (5-point scale)
PROBNUM	How many problems did they have with housing costs?
UNEMP	Is any member of HH unemployed?
NUTR	Nutrition - worse, same, better
POVER	Subjective poverty recoded



## Appendix to Chapter 7

Factor analysis of coping means by the frequency of coping in 1995

	Model I			Model II		
	Often cope			Seldom or often cope		
	Defensiv e	Crisis	Offensive	Defensiv e	Crisis	Offensive
<b>Eigenvalue</b>	<b>24.1</b>	<b>13.3</b>	<b>9.9</b>	<b>29.1</b>	<b>12.9</b>	<b>9.7</b>
Extra work			.67			.56
Petty prod.			.76			.73
Home chores	.70			.77		
Price hunting	.77			.85		
Repair	.78			.82		
Cut expenses	.78			.84		
Bank loan		.41	.32		.26	.54
Family borrow		.66			.49	.36
Pawn		.59			.69	
Sell		.57			.61	
Assistance		.57			.56	

## Chapter 8

### Social networks in a comparative perspective

*Fruzsina Albert and Zsuzsa Ferge*

Personal networks generally protect individuals from many vicissitudes of life. People with spouses, friends and helpful relatives tend to be physically and psychologically healthier than those without, and they seem to come through crises such as unemployment and being widowed with less physical and mental damage. Thus, the extent of social support consisting of interactions or interpersonal exchanges where a "provider" offers support and a recipient may be helped by the offer is a very important component in coping. Help may be offered in many forms such as work, goods, money, information or emotional support. Our data give only a superficial and partial insight on these relationships focusing essentially on tangible forms of help. (The crude methods used could not handle the symbolic or psychological aspects of the phenomenon.) However we completed the picture of interpersonal helping networks by a cursory glimpse on the relationships with supportive institutions examining briefly the extent of support households get or expect to get from institutions.

It may be expected that similar political systems affect interpersonal relationships in similar ways. Several scholars have stated that the scope and role of network capital and social support differ in capitalist, communist and post-communist systems (Sik 1994), and that every society is characterized by a particular level and form of network capital based on culture and historically and structurally determined organizational frameworks (Granovetter 1985). Relative poverty and scarce resources in state socialist systems can be compensated and increased by one's social network. The mobilization of the network capital of families may increase resources – such as participation in the second economy, the building of new houses, and so on. This phenomenon means that the majority of helping relationships - at least those we could cover - have a strong instrumental character.

Some societies in the sample are historically peasant and rural societies, in which household and community-based production systems dominated (with settlement systems consisting of villages and small towns), with underdeveloped infrastructure and low standards of living. Household and kinship networks have been key cultural elements. Under state socialism, according to some authors, the traditional network-oriented culture may have been strengthened, probably as a substitute for the subordinated market and distorted state bureaucracies (Sik 1994). Others suggest that the system was so hostile to all forms of micro-level solidarities that it was extremely detrimental also to family networks. The results of the SOCO survey indicate that the strong traditional (rural) helping networks have only marginally survived, while networking in general and family help in particular seem to be quite widespread.

Since inequalities and various forms of deprivation are growing in Central and Eastern Europe, and the existing institutional support system is being changed and withdrawn from certain areas, using support from one's network is likely to become an even more important mechanism for coping with crises as well as seizing new opportunities. At the same time, the resources of a growing number of people are diminishing, so that for them providing reciprocal support is becoming increasingly difficult.

## 8.1. Supportive networks in 1994

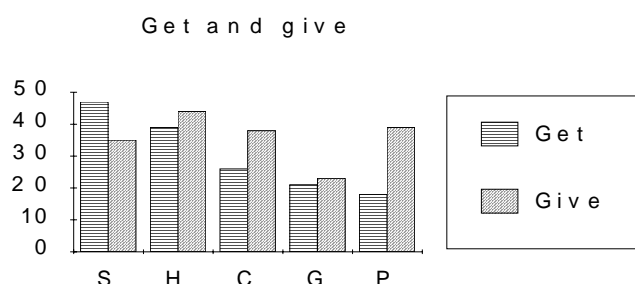
### a. The extent of help supplied and received

When considering all the kinds of help given and received in 1994, more households gave than received help, with the exception of those in Slovakia. The highest rate of households *getting help* is in Slovakia (almost half of all households), and the lowest in Poland (18 percent) and, closely thereafter, Germany (21 percent). Hungary is closer to Slovakia, while the Czech Republic is closer to the other end of the scale. This rank order is almost the same as the rank order of countries by income level: households in the "rich" and industrially more developed countries seem to receive help less, with the significant exception of Poland. Also with this exception, the rank order is close to the extent of urbanization among the countries observed.

The rate of households *giving help* in 1994 varies within a slightly narrower range, but with a very different rank order. The percentage of supportive households is the highest in Hungary (44 percent), followed by Poland, the Czech Republic and Slovakia in one cluster with a rate between 35 and 40 percent. Germany lags far behind, with only 23 percent of the households supplying some form of help (Table N.1, Chart 8.1).

Chart 8.1.

Percentage of households getting and giving help, in the rank order of countries getting help



The relative importance and the role of the different networks varies from country to country. A general overview is offered in Tables N.2 and N.3. Family contacts are the most important everywhere both in giving and receiving, and institutional help is least important. The patterns of giving and getting will be analyzed separately at a later stage. At this point we are focusing only on the fact whether there is any contact at all (the first lines in Tables N.4 to 7). The figures in Table N.4 mean that -- with the exception of Germany where 65 percent of households have no supportive contact -- half or more of the households are involved in some helping relation either as givers, or as receivers, or both. The involvement is the highest in Hungary and Slovakia. The proportion of households that take part in supportive relationships with the family (Table N.5) vary between 29 percent in Germany and 57 percent in Slovakia. A huge majority of German households (71 percent) and a sizable majority of Polish and Czech households (59 and 57 percent respectively) had no supportive relation whatsoever with the members of their family. On the other hand households in Slovakia get the most help from relatives and have as well the most symmetric relationships with their family.

The supportive network established with friends, neighbors or colleagues plays a relatively minor role everywhere. According to Table N.6 at most one third of households mention this type of

help (Slovakia, Czech Republic) but in Germany the ratio is only one sixth (16 per cent). Let us note that both family and friendly networks are the weakest in Germany and the most dense in Slovakia.

There is an almost inverse relation between institutional help and help received from one's interpersonal networks. Where households receive very little institutional help -- for example, in Slovakia-- supportive transactions are widespread among members of one's interpersonal network. Where households seem to have few interpersonal helping transactions, they get at least in relative terms more help from institutions. This is particularly true for Germany. This assertion is in conformity with the thesis that people invest in interpersonal relationships more if the resources they need cannot be obtained elsewhere so that network capital can function as compensation for the shortcomings in the institutional support system. As we shall later see however, the thesis is not unequivocally supported by all the data. Table 8.1. (inserted) presents the rank order of the countries according to the frequency of their various types of contacts. It is visible that the role of the two personal networks is relatively similar while that of the institutions may indeed be compensatory.

Table 8.1.

The rank order of countries following the frequency of all (giving and receiving) contacts.

	Hungary	Slovakia	Czech R.	Poland	Germany
All contacts	1	2	3	4	5
Out of it, with:					
Family	2	1	3	4	5
Friends, neighbors	4	1	3	2	5
Institutions	3	5	2	1	4

To see more clearly the structure of the networks, we added up the number of households in contact with either family, or friends, or institutions, and took this sum as a total, 100 per cent. (The same unorthodox procedure was used in the analysis of the structure of coping strategies. In those cases the items may overlap: the same household may have a helping relation both with family and friends. However, the method allows between-country comparisons about the weight of the various contacts. Obviously one should not forget that the numerical weight may not reflect the real importance of the contact.) As shown in Tables N.8 and N.9, the family is the most important actor in the network - particularly as a source of help. Even where helping transactions with the family seem to be weak as in Germany and Poland, the bulk of help goes to and comes from them. Friends and neighbors occupy a clear second place everywhere except in Poland where institutions give more help than friends. The weak role of family in Germany and Poland as well as its relative importance in Slovakia and Hungary is well reflected in these tables.

All the above tables throw some light not only on the prevalence of help but also on the asymmetries between giving and receiving. This asymmetry between givers and receivers, which is very marked in the Czech Republic, Poland and Hungary, is somewhat disconcerting. (The asymmetry in case of institutions is more understandable. After all, many NGOs - and we tried to get information only about them - have the function of collecting donations from a wide circle and giving only to those 'in need'.) Asymmetrical personal relationships are in stark contrast with what we know about the necessity of reciprocity in this field. A likely explanation is that giving takes more conscious effort than getting, so one easily forgets small favors received from others. Another tentative explanation may be that with increasing impoverishment needy families get help from more than one source without reciprocating it. This explanation seems to fit the presently detailed data quite well.

It should be emphasized that reciprocal contacts are rather the exception than the rule. (Reciprocity in this case does not imply that one gives to and gets from the same person. It only

means that the household is both a receiver and a giver.) Taking into account all transactions (Table N.4), at most one fourth of the households - 23 percent in Slovakia - play the two roles, but in three countries this ratio is around ten percent only. The figures are lower if we consider separately the family network or the network of friends. As already mentioned the asymmetry in case of organizations is 'natural'.

It is hard to say whether these ratios of giving and getting help are high or low. Our data are crude; we did not cover all forms of help; we do not dispose of comparable data for other countries; and we do not know anything about the intensity, the frequency or the efficiency of the support given or received. Some of the trends highlighted hereafter suggest that at least in the majority of countries helping network are alive and may be helpful particularly for those in need, but there seem to be important deficiencies in this safety net. Moreover, reciprocal relations which would be particularly important from the perspective of social integration do not seem to be predominant. However we might have mapped only part of the real role of interactive networking so our conclusions in this respect are only tentative.

## **b. Some sociological variations in the helping patterns**

Tables N.10.a to 10.h offer a cursory overview on some trends in getting-giving help for the pooled data of the five countries. The patterns displayed there are recurring with more or less clarity in practically all the countries so that this condensation does not falsify the picture. However we shall return presently to a country by country analysis of the data.

From this bird's eye view the trends seem self-evident. Those who can afford to give because they have sufficient resources tend to do so more often than those who are objectively or subjectively poor, or unemployed or single parents. And those who are in need because they are poor, or have many children, or are hit by unemployment do indeed get more. It may be seen as reassuring that families in greater need get more than they give, while the balance is reversed in case of families with more resources who are giving more than they receive.

There is only one exception to the rule that help is offered by those who can afford it to those who need it: the elderly. They get much less help than younger people. At the same time they give more than they get albeit their resources are not plentiful. This is true for all the countries without any exception: the elderly get everywhere less than the others and give more than they receive (Table N.11).

We shall highlight some other variations also by more detailed data. The basic tendency - that the poorer get more and the richer give more - is present in all the countries with relatively sharp differences between the top and the bottom quintile (Table N.12 and 13). The only exception is Hungary where the ratio of households receiving help is independent from the income level. However, the differences are not too striking in the other countries either. This may be because - as we shall try to show - several tendencies are at work. It is true on the one hand that help goes to those in greater need. But it is also true that those who have more 'social capital' can mobilize help even if need is not extreme by official standards.

Table N.14 shows for instance the role of family help and that of institutions in case of families with children. Family help is increasing with the number of children in all the countries Germany excepted, but the increase may be very gradual (Poland), or there may be extra effort from the second child on (Hungary), or the third child on (Czech Republic). Institutional help - which excludes family allowance or statutory assistance -- if available at all concentrates mostly on the large families -- again Germany excepted. The same tendency -- that the availability of family help differs markedly from that of institutional help -- is even more visible in case of the poor (Table N.15). No doubt, on the whole the absolutely poor get usually more help than the better off even though the relationship is weak in Hungary and absent in Slovakia, and even though the ratios of those getting some form of

help are rather low even among the absolutely poor (Germany excepted). However, the steep differences are in the availability of institutional help. This finding may be evaluated as the good targeting of institutional help even if it is offered in the NGO sphere. But one may also reflect about the institutional definition of 'need'. It seems that people may have other than financial needs, and that the only answer to these is offered by the family (and sometimes by friends).

Tables N.16 and 17 throw some light on the widespread belief that networks are closer in villages than in towns. As far as family help is concerned, there are only slight traces of this tradition, most visibly in Slovakia. This may well be because in the last few decades rural exodus, forced or otherwise, largely broke up the families in villages. One might assume that neighbors and friends could fill the gap, but in fact they do not. If we take all the various kinds of help together (institutions included, which are not frequently mentioned), the rates according to the extent of urbanization hardly change.

One possible way of looking at the supportive networks is that participation in them -- independently of whether one is giving or receiving -- means contact with the world or insertion in the social web. In this sense the existence of these contacts is an (admittedly indirect) indicator of social capital. Starting from this interpretation of the helping networks we formulated the hypothesis that despite the greater need of the more deprived strata the better off are also better off in terms of being part of the web, and the poor are more easily deprived from the opportunity of participating in it. The indicator used to analyze this hypothesis was either the ratio of those who neither gave nor received anything from anybody, or the inverse of this figure - the ratio of those who either gave or received something from somebody. (It depends on the problem under scrutiny which indicator fits better the purpose of the analysis.)

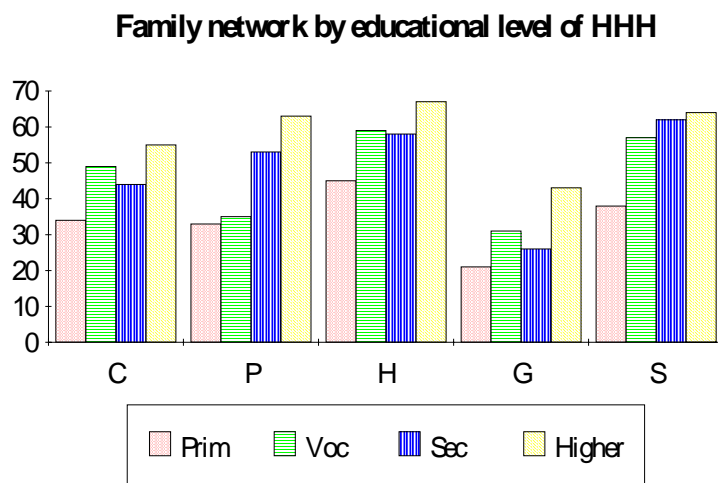
Table N.18 shows the absence of any network or of the family network in case of the groups of subjective poverty. With the exception of Germany (where the absolutely poor are a very small group, see Chapter 4), there is a more or less gradual decrease in the absence of contacts which is more marked in case of family contacts than all contacts. Part of the explanation lies in the social position of people. Table N.19 shows the absence of a family web according to the socio-professional group. The downward slope from the unskilled workers to the high level managers or professionals is present everywhere even if it is not smooth. (The small entrepreneurs may not 'fit' the trend.) It is striking though that the unskilled workers are always worse off, sometimes much worse off than anybody else in terms of the absence of contacts. Of course unemployment is higher, poverty is more wide-spread among them than in the other groups, so that they show the characteristics described by R. Castel as 'disaffiliation' (Castel 1991).

Another element of explanation is the situation of the elderly. Table N.20 shows the ubiquitous tendency of the thinning social network of the elderly. The difference is the least marked in Germany where the huge majority are contact-poor anyway.

Table N.21 tries to summarize these tendencies in case of the groups defined on the basis of the educational level of the head of household. (The figures relate only to households in which the head is under 60.) The strength of the relationships in case of family contacts is striking. With the exception of Germany the better educated have also more contacts with friends. The relationship between educational level and institutional contact is somewhat less strong but it also exists. Chart 8.2 presents the wealth or dearth of family contacts (on the basis of the inverse figure). We are aware of the shortcomings of our data and of the danger of jumping to unwarranted conclusions. Nonetheless the relationships are so unequivocal that we dare to conclude that there is a strong relationship between cultural capital and social capital.

Chart 8.2.

The percentage ratio of households having some helping contact with family members according to the educational level of the head of household (Only households where the head is under 60).



#### d. Forms of help

Households may get help from their families in the forms of cash, goods and work in different proportions. Cash is a more common form of help in Germany than goods or work. In the other countries, goods and work are more widespread. Supporting the family with work is the dominant form of help in Hungary, Slovakia and the Czech Republic. Of the households that received any kind of help in 1994, 70 percent in Hungary, Slovakia and the Czech Republic were helped with work compared to 42 percent in Germany. This difference can be explained partly by traditions since the exchange of labor among households with personal relationships has a long history in this region (see Sik 1988). The other explanation may be the lack of other resources: if money is not available people can only help one another by exploiting their own labor. This explanation is supported by the fact that households in the lowest income quintile give more help to their family in the form of work than those in the highest, while in the highest quintile helping with cash and, to a lesser extent, in kind is more common (Tables N.22).

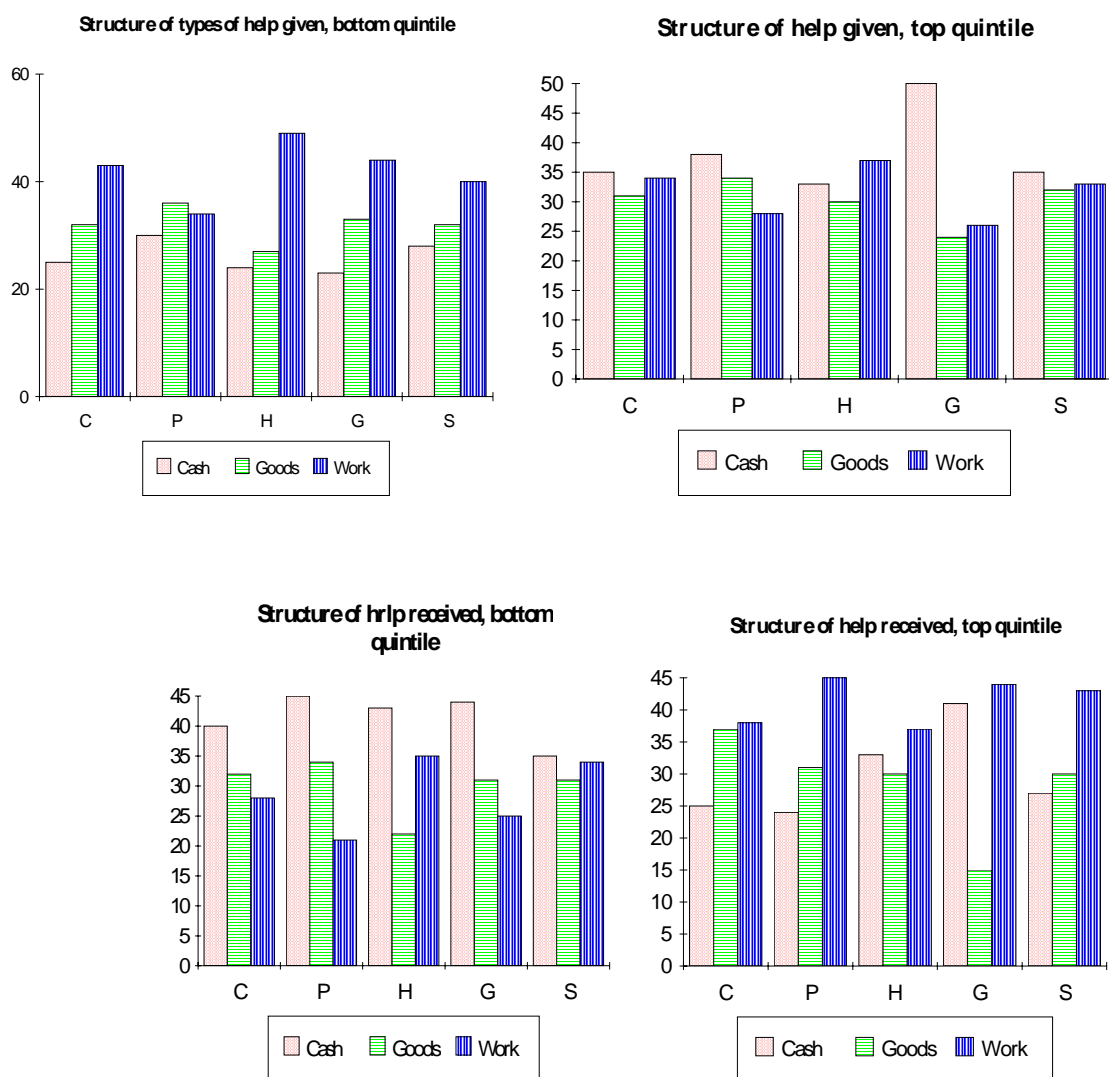
The opposite trend is observable with respect to the help received from the family. Households in the lowest income quintile receive more help in the form of cash and goods than in the form of work, while those in the highest quintile are helped most by work and less by cash. So there are certain dynamics in providing help: every household helps in the way it can. Even if the help is returned, it may be of a different kind. Only Poland does not fit this pattern: there is no significant difference between the quintiles in the type of support they give, but there is a difference in the type they receive (Table N.22 and 23). The dominant form of supporting institutions and organizations is understandably with cash albeit the other two forms exist, too.

To see more clearly the structure of the types of support, we added up the number of households who gave or received help in some form and considered this sum as a total, 100 per cent. (The procedure is similar to that used in case of the various groups in the network.) In the highest income quintile the offer of cash dominates, while in the lowest quintile helping with work is primary. In Germany in the lowest quintile giving goods is the most common way of helping institutions and

organizations. The four figures presented in Chart 8.3 as well as Tables N.24 and N.25 portray in a very transparent way the differences between the structure of help given and received. These figures are the mirror images of each other. In the bottom decile people are more likely to get money and give work, and the reverse is true for the top decile.

Chart N.3.

Distribution of help for the family with cash, goods and work



### e. Expected help

The socially conditioned differences in expected help are much less significant than in help received: a huge majority declares everywhere that they could get help if in need of it. Nonetheless it is interesting to take note of both the confidence of people in getting help if needed and the discrepancies between help expected and help received. The conviction that one would get help if necessary always outstrips reality -- less so in Hungary, however, than elsewhere. (One may wonder whether this is pessimism or realism). This gap between facts and reality is well portrayed by Chart N.4 and Table 8.2 inserted in text.



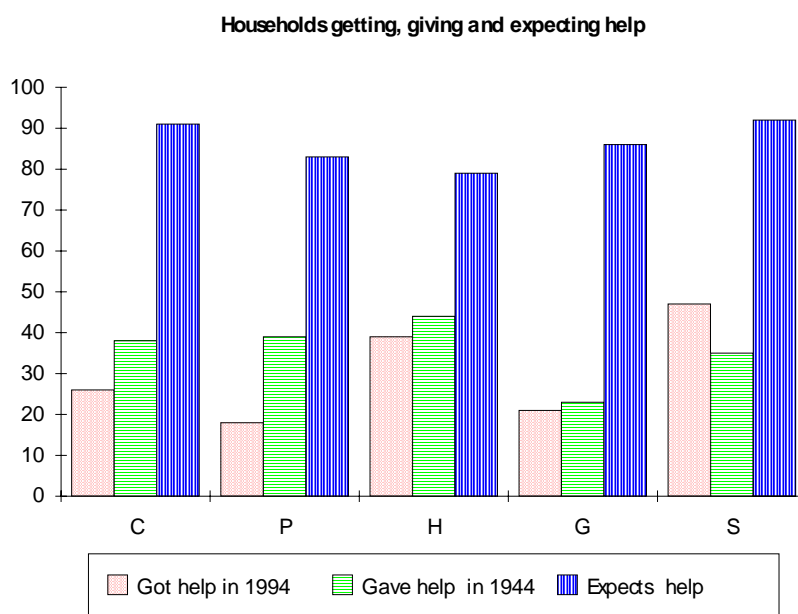
Table 8.2.

The difference between help available and help expected

	Czech Rep.	Poland	Hungary	German y	Slovakia
% of households getting help	23	14	33	17	45
% of households expecting help in need	91	83	79	86	92

Chart 8.4.

Proportion of households getting, giving and expecting help in need on help



Inasmuch as expected help varies, three tendencies may be detected. On the one hand people may be realistic. Thus the elderly who are getting in fact less help than others, and whose supportive network is clearly weakening with age, expect everywhere less help than younger people. The same is true for the unemployed, who get and expect less help than active earners. Realism may work in an optimistic way also: people with children expect more help than childless people, and they have some basis for this optimism. However, these differences are not very significant. The third tendency is at odds with the reality of getting help and in line with our assumption that cultural and social capital go together. We have shown that the poor get more (significantly more) help than the non-poor but that on the whole they are less integrated than the non-poor. This may be one of the reasons why they are not very confident that help would be forthcoming if they needed it (Table N.26). (Germany is here, too, an exception.)

## f. Changes in help

Comparing the number of households helping with the number of those receiving help, the

extent of support -- at least on the basis of our data -- has changed only slightly since 1989, the period before the transition. Generally the ratio of households reporting helping relations increased or decreased by only 1-2 percent. In 1994 more Czech and Polish households gave help to institutions, charity and voluntary organizations than they did in the preceding five years. More Hungarian and Czech households give and receive support from their families. The Czech households, in growing numbers, also help and get help from their friends.

There is a slight increase in support. Ten to fifteen percent of the households give the same amount of help to their close relatives as before, but the number of households that give more help is greater than the number that supply less help. The help offered to parents increased less than that given to children which is in line with the findings about the relatively greater impoverishment of families with children. It may also be noted that the even the poorest make increased efforts but the augmentation of help is more significant among the income-rich (Table N.27).

The fact that available resources are running out especially for those at the bottom of the social ladder is shown by the fact that less help is given to non-kin than before: those giving less help are more numerous than those able to give more. This finding holds in Germany, the Czech Republic and Poland even for members of the highest income quintiles, who also give less support than before to their friends and neighbors. The most significant decline in the extent of help given is in Germany and Slovakia, where respectively 4 and 5 percent of households give less help to non-kin, while only 1 and 3 percent help more. Let us note though that all those figures are so low that their interpretation is not solidly grounded.

On the whole it seems that helping patterns have not changed too much. The net balance of increased and decreased help is positive. It is more than likely that somewhat more help is offered than before particularly to families with children.

### ***8.3. Where would people turn for help?***

"Institutional" help was frequently mentioned previously but the issue could not be pursued very far with the help of the above data. To complete this picture, respondents were asked to select from a list of sources to which they would or would not turn for help. This question is, of course, delicate since it is influenced by the political likes and dislikes of and trusts and distrusts towards various institutions.

The first and most interesting finding is (not for the first time) the amazing between-country similarity in the structure of people's likes and dislikes. The rank order of the ten institutions is practically identical across countries. There are, by and large, four clusters. We find state and social work centers in the first group. About half of the people would not mind turning to them when in need, and very few reject them as a helping agency. The first place of the state is disputed only in Hungary in favor of the local authorities, and in Poland in favor of social work centers. The very high rank of, and sympathy towards, the social work centers is extremely interesting inasmuch as these are new institutions. With the possible exception of Poland they have cropped up only after the transition: social work as such was denied *droit de cité* under the former system. The second cluster consists of the workplace and local authorities, which over a quarter of the people would turn to in need. However, there is a discrepancy between likes and dislikes. The rejection of the workplace mirrors its acceptance, but local authorities are more emphatically disliked (almost 40 percent of the respondents would not turn to them.)

The third cluster contains the trade unions, charities (voluntary agencies, NGOs) and the Churches. Between 10 to 15 percent of people accept them as helpers, with few country idiosyncrasies. As may be expected, the Poles have stronger relations with both trade unions and the Church than people in other countries, although the difference may be smaller than anticipated. Germans switched away from trade unions towards self-help groups. Finally, in the fourth group --

mentioned only by a tiny minority in every country -- one finds self-help groups, people's minority groups and, absolutely at the last place, political parties.

The rejection of institutions in the last two clusters does not mirror their acceptance. Most agencies in the third and fourth group that are not considered very attractive are not strongly rejected either: only around one third of respondents would not turn to any of them. In other words while the agencies are not favored, they are regarded with neutrality, mild tolerance or even ignorance. There are two exceptions, however, in the case of which rejection is almost passionate. These are, first and foremost, the political parties: over 70 percent of households would not seek help from them under any condition. The second most strongly rejected agency is the Church, with a rejection rate of between 50 and 60 percent even in Poland. We suspect that in the case of the parties the repulsion is due to an overall mistrust of politics. In the case of the Church, the rate of those who would turn to it is in some countries lower than the rate of those having religious feelings, and the rejection rate is higher than warranted by this feeling. The rejection rates suggest that the Church in transition countries has remained to a large extent a clerical church, not following the trend in many western countries where the Church has often become (or always was) a serving agency (Table N.28, Chart 8.5.a for individual countries, 5.b for an overview based on the regional averages). It may be that people are also fed up with agencies imbued with ideologies.

Chart 8.5.a.

To which institution would people like to turn for help, and to which would they not turn at all (in % of all households, by country).

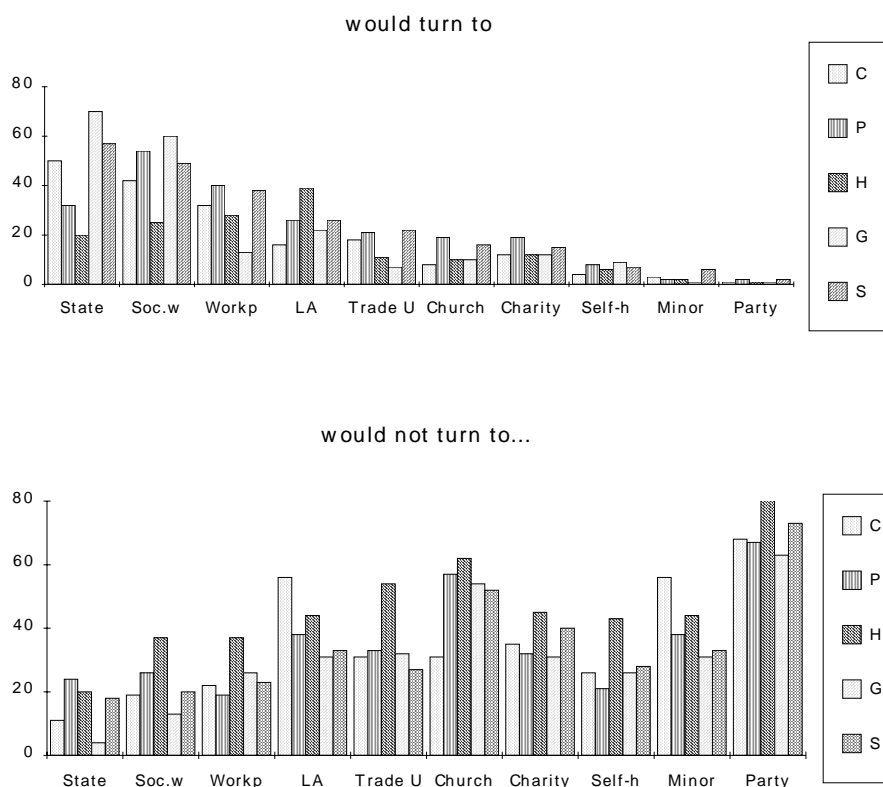
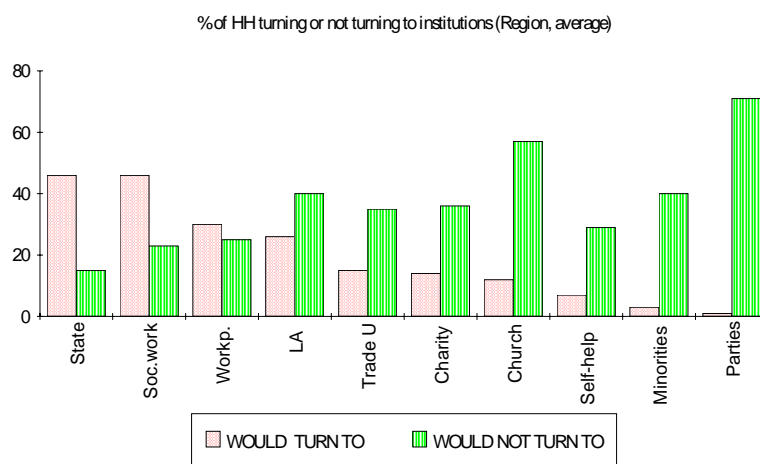


Chart 8.5.b.

To which institution would people like to turn for help, and to which would they not turn at all (in % of all households, region, average).



While the rank ordering of favored institutions is very similar among the countries, the frequencies of the popularity of each institution varies to a large extent. For instance, the state is the most popular in Germany and the Czech Republic, but in the first case 70 percent would choose it and in the second 50 percent would do so. This is why it may be interesting to analyze the rank ordering of the popularity of institutions among countries. What this ordering suggests among other things is a rank-order of the countries according to their inclination to turn or not to turn for help to any given agency. It seems that the Slovaks and Germans are most ready to look for outside help, while the Hungarians and Czechs are most likely to be self-reliant. Whether these differences reflect the availability of help, the perception of help asked and denied or a genuine tendency to self-reliance is a question we cannot answer – but the fact in itself is interesting (Table 8.3 inserted in text. See also Table N.29).

Table 8.3.

Rank order of countries according to the frequency with which they would turn to any particular institution

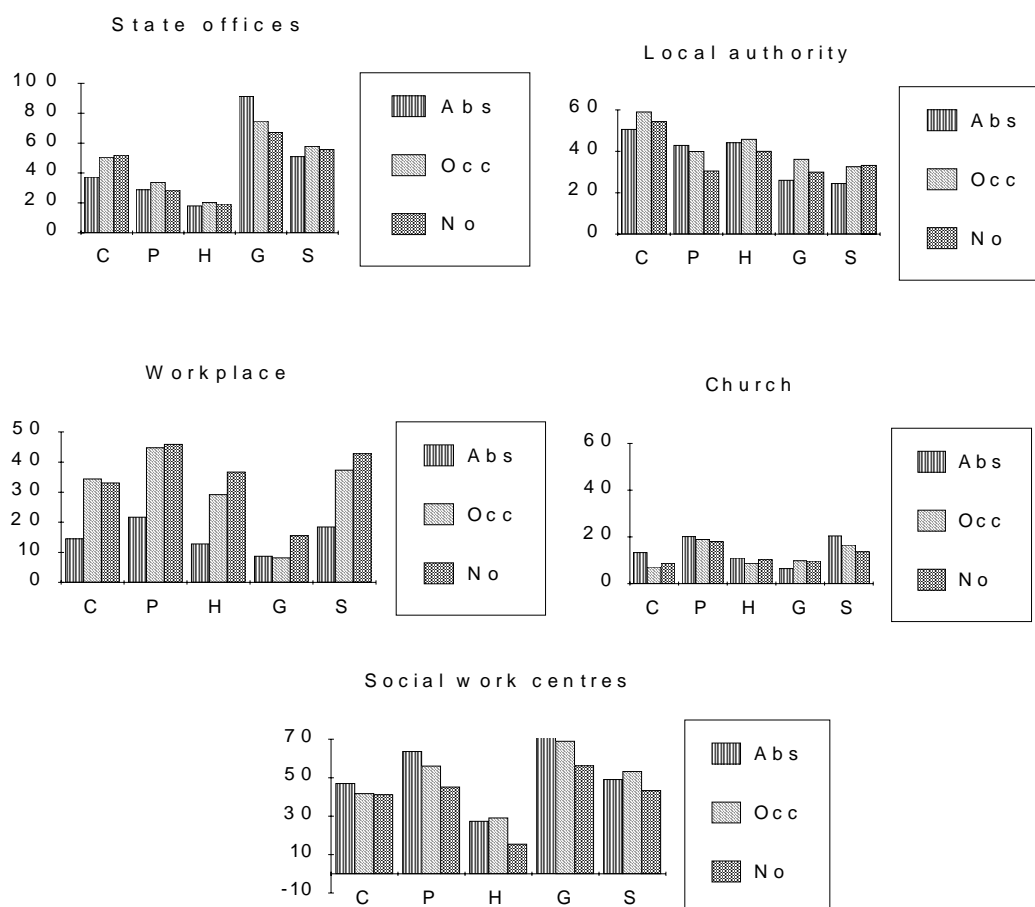
	State	Social work center	Work- place	Local authority	Trade Union	Church
Slovakia	2	2	2	2	1	2
Germany	1	1	5	4	5	3
Poland	4	3	1	3	2	1
Czech Rep.	3	4	3	5	3	5
Hungary	5	5	4	1	4	4

There are some interesting in-country variations in the patterns of turning or not turning to any particular agency related to socio-demographic factors. It may be self-evident that those who declare themselves religious are more likely to turn to churches for help than the others. It also seems more likely that those in need, whether objectively or subjectively poor, would turn more readily for help to any institution. However, in this latter case almost the opposite of what is obvious is true. All the institutions with just one exception are more attractive for the better-off and better educated than for

the more needy, or there is practically no differentiation. The single exception is constituted by the social work centers, to which the poor, especially the subjectively poor, are more ready to turn – even if the differentiation is not very spectacular (Table N.30, Chart 8.6). The social distance of the poor from the potential helping institutions is also visible in case of charities or self-help groups. There are some exceptions, like the state offices in Germany, the local authorities in Poland or the Church in Slovakia, but they are not impressive exceptions.

The potential non-availability of help holds true also for the elderly. With the exception of social work centers, the elderly are less likely than younger or active people to look for help from the agencies.

Chart 8.6. To what institutions would people turn, according to subjective poverty



The readiness of the better-off to turn to agencies is particularly apparent in regard to the workplace. However, this is a confusing case. The workplace is of course potentially more available for active persons than for non-active persons. Within the category of active persons, the educational level of the head of household is very strongly correlated with expectations concerning the workplace, while the professional group shows a particular pattern. Obviously, self-employed people hardly expect to turn to their workplace. Among the others, the differentiation is much less visible than in the case of educational level. This means that within each professional group there is some educational differentiation, and this is a stronger predictor of the willingness to turn for help to the workplace than the job itself (see Tables N.31.a and b).

All in all, it appears that helping agencies -- whether state offices, churches or charities -- are not really open to help the poor, with the single exception of social work centers. This finding is in line with the distribution of social capital discussed above. We should add that (at least up to now) this finding does not mean that social work centers have become segregated agencies of the poor; the other groups are also ready to use them to a large extent. Instead, this finding primarily means (in our reading) that the social work centers accept the poor without stigmatizing them, while the other agencies give signals that turn the poor away.

## Tables to Chapter 8

Table N.1.

Number and percentage of households giving and getting help - all kinds, all sources - in 1994 in % of all households

	Getting help		Giving help	
	N	%	N	%
Czech Rep.	263	26	382	38
Poland	186	18	404	39
Hungary	389	39	444	44
Germany	232	21	250	23
Slovakia	467	47	348	35

Table N.2.

Households giving help to different groups in percentage of all households (countries ranked according to first column)

	Family	Friends, neighbors	Institutions, organizations
Hungary	39	21	11
Czech Rep.	34	28	15
Poland	32	26	22
Slovakia	32	24	12
Germany	18	11	8

Table N.3.

Households getting help from different sources in percentage of all households (countries ranked according to first column)

	Family	Friends, neighbours	Institutions, organisations*
Slovakia	45	28	1
Hungary	33	18	7
Czech Rep.	23	14	5
Germany	17	9	9
Poland	14	7	6

\* These figures seem to be spurious, or at least it is not clear what institutions had been taken into account by the households. (Apparently - in conformity with our intentions - statutory assistance is not included anywhere.)

Table N.4.  
Reciprocity relations in giving and getting: all help, all sources

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Neither gets nor gives	51	51	39	65	41
Only gets	11	10	17	13	24
Only gives	23	31	22	14	12
Both	15	8	22	8	23
Total	100	100	100	100	100

Table N.5.  
Reciprocity relations in giving and getting: family relations

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Neither gets nor gives	57	59	46	71	43
Only gets	10	9	15	11	24
Only gives	21	27	21	12	12
Both	13	5	18	6	21
Total	100	100	100	100	100

Table N.6.  
Reciprocity relations in giving and getting: friends, neighbours

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Neither gets nor gives	67	71	73	84	63
Only gets	5	4	7	5	13
Only gives	19	23	9	7	9
Both	9	3	12	4	15
Total	100	100	100	100	100

Table N.7.  
Reciprocity relations in giving and getting: institutions

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Neither gets nor gives	81	73	82	84	88
Only gets	5	5	7	8	0
Only gives	14	21	11	7	11
Both	1	1	1	1	0
Total	100	100	100	100	100

Table N.8.  
The structure of the destination of help(of all kinds) given

% of HHs giving help	Czech Rep.	Poland	Hungary	Germany	Slovakia
to family	44	40	55	49	48
to friends	37	32	29	29	35
to institutions	19	28	16	22	17
Total	100	100	100	100	100

Table N.9.  
The structure of the sources of help (of all kinds) received

% of HHs getting help	Czech Rep.	Poland	Hungary	Germany	Slovakia
from family	54	47	57	48	61
from friends	33	23	31	27	38
from institutions	13	30	12	25	1
Total	100	100	100	100	100

Table N.10.  
Giving and getting by various criteria in all the countries taken together in % of all households (All sources, all forms)

10.a. By equivalent income quintiles\*

IUNIT5	Bottom	2	3	4	Top	Region, average
Get help	41	31	29	27	25	31
Give help	26	28	35	40	49	36

\*Significant on the \*\*\* level

10.b. By subjective poverty\*

POVERTY	Absolutely	Occasionally	Not at all	Region, average
Get help	40	33	24	30
Give help	21	35	41	36

\*Significant on the \*\*\* level



## 10.c. By educational level

	Primary	Vocational	Secondary	Higher	Total	Sign. level
Get help	27	33	31	29	30	NS
Give help	26	36	39	48	36	***

## 10.d. By experience of unemployment

	Unemp now in HH	Unemp only earlier	Never, anybody	Total	Sign. level
Get help	35	34	28	30	*
Give help	29	39	36	36	**

## 10.e. By age

	Under 60	Over 60	Region, average	Sign. level
Get help	34	23	28	***
Give help	39	34	37	NS

## 10.f. By the number of children under 18

	0	1	2	3 and more	Total	Sign. level
Get help	24	34	39	40	30	**
Give help	33	38	39	36	36	NS

Table N.10. continued.

Giving and getting by various criteria in all the countries taken together in % of all households (All sources, all forms)

## 10.g. By single parenthood

	Single parent	Other	Region, average	Sign. level
Get help	45	29	30	***
Give help	33	36	36	NS

## 10.h. By being single

	Single person household	Other	Region, average	Sign. level
Get help	33	29	30	*
Give help	28	37	36	**

Table N.11.

Percentage of households getting or giving (all type of help, all source and destination) according to the age of the head (under-over 60)

	Head of household			
	under 60		over 60	
	Getting	Giving	Getting	Giving
Czech Rep.	27	43	26	27
Poland	19	40	15	34
Hungary	42	47	30	37
Germany	22	23	19	22
Slovakia	49	35	36	35

Table N.12 .

Percentage of households that got help in 1994 by income quintiles

%	Czech Rep.	Poland	Hungary	Germany	Slovakia
1 (lowest)	37	28	38	35	63
2	27	20	44	21	49
3	24	16	37	22	47
4	23	11	41	17	40
5 (highest)	22	13	37	17	42
Country, total	28	18	39	21	47

Table N.13.

Percentage of households that gave help in 1994 by income quintiles

	Czech Rep.	Poland	Hungary	Germany	Slovakia
1 (lowest)	32	29	35	18	32
2	31	40	37	20	28
3	30	32	42	21	32
4	42	39	47	26	42
5 (highest)	51	56	62	30	43
Country total	38	39	44	23	35

Table N.14.

Percentage of households with children under 18 getting help from family or from institutions  
Head of household under 60

	Number of children*				
	0	1	2	3 and more	Country, total
		Help from family			
Czech Rep.	16	27	26	40	23
Poland	8	16	19	22	15
Hungary	28	32	49	47	35
Germany	16	25	19	18	18
Slovakia	33	53	56	56	47
		Help from institutions			
Czech Rep.	3	5	4	17	5
Poland	2	7	8	18	6
Hungary	8	8	7	16	7
Germany	10	8	11	7	9
Slovakia	0	1	0	1	1

Significant on \*\*\* level

Table N.15.

Percentage of households grouped according to subjective poverty getting help from family or from institutions

	Absolutely Percentage of HH getting help	Occasionally	Not at all	Absolutely % ratio of family and institutional help	Occasionally	Not at all
Czech R.						
Family help	31	25	18	63	81	86
Institutional help	18	6	3	37	19	14
Total*	49	31	21	100	100	100
Poland						
Family help	19	14	10	56	70	100
Institutional help	15	6	-	44	30	-
Total	34	20	10	100	100	100
Hungary						
Family help	31	35	32	66	85	88
Institutional help	16	6	4	34	15	12
Total	47	41	36	100	100	100
Germany						
Family help	48	22	13	48	67	76
Institutional help	55	12	4	52	33	24
Total	100	33	17	100	100	100
Slovakia						
Family help	43	49	42	100	98	98
Institutional help	0	1	1	-	2	2
Total	43	50	43	100	100	100

\* The two items may in reality overlap - the addition serves the purpose of showing the structures

Table N.16.

Percentage of families that got help from or gave help to family and relatives

	Capital	Town	Village	Total
Gets help from family				
Czech Rep.	18	24	23	23
Poland	15	14	14	14
Hungary	31	35	33	33
Germany*	14	17	*	17
Slovakia	38	43	47	45
Gives help to family				
Czech Rep.	34	34	35	34
Poland	30	36	27	32
Hungary	40	40	39	40
Germany	8	19	*	18
Slovakia	27	30	35	33

\* The coding of settlements in Germany did not follow the cross-country recommendations.

Table N.17.

Percentage of families that got help or gave help: all sources and destinations

	Capital	Town	Village	Total
Gets help				
Czech Rep.	20	26	30	27
Poland	16	19	18	18
Hungary	41	39	39	39
Germany	16	22	*	22
Slovakia	40	49	45	47
Gives help				
Czech Rep.	41	38	38	38
Poland	36	45	31	39
Hungary	48	45	42	45
Germany	14	24	*	23
Slovakia	31	33	36	35

Table N.18.

Percentage of households not having any helping network or any family network (neither getting nor giving) according to subjective poverty (POVER)

	No network			No family network		
	Absolutely poor	Occasionally poor	Not poor at all	Absolutely poor	Occasionally poor	Not poor at all
Czech Rep.	52	52	49	61	56	56
Poland	58	52	44	70	58	51
Hungary	46	40	32	57	44	41
Germany	26	62	69	48	71	72
Slovakia	47	42	39	53	43	42

Table N.19.

Percentage of households not having any family network (neither getting nor giving) according to socio-professional groups. Only heads of household under 60.

Socio-professional group of head of household	Semi-unskilled worker	Skilled worker	Small private, self-employed	Low-middle white collar	High level manager, professional	Total
Czech Rep.	57	52	44	54	51	53
Poland	68	62	63	46	44	58
Hungary	53	42	49	38	37	44
Germany	84	75	57	67	63	71
Slovakia	45	47	44	38	36	42

Table N.20.

Percentage of households not having any helping network or any family network (neither getting nor giving) according to the age of the head (under-over 60).

	No network at all		No family network	
	Head of household		Head of household	
	under 60	over 60	under 60	over 60
Czech Rep.	47	59	53	66
Poland	49	59	57	65
Hungary	37	45	44	51
Germany	64	67	70	73
Slovakia	40	46	42	48

Table N.21.

Percentage of households not participating in networks (either as givers or as receivers) according to the educational level of the head of household. (Only heads under 60).

	Primary	Vocational	Secondary	Higher	Country, total
Czech R.					
Family	66	51	56	45	53
Friends, neighbors	74	61	66	51	63
Institutions	80	83	78	70	79
All networks	59	44	52	41	47
Poland					
Family	67	65	47	37	57
Friends, neighbors	81	73	58	47	68
Institutions	77	76	63	51	70
All networks	60	55	39	33	49
Hungary					
Family	55	41	42	33	44
Friends, neighbors	77	69	65	57	69
Institutions	81	83	79	70	80
All networks	46	36	35	26	37
Germany					
Family	79	69	74	57	70
Friends, neighbors	82	81	83	82	82
Institutions	85	83	89	80	85
All networks	67	64	69	52	64
Slovakia					
Family	62	43	38	36	42
Friends, neighbors	67	59	61	59	61
Institutions	95	89	85	84	88
All networks	57	42	37	33	40

Table N.22.

Percentage of households giving help in different form to different groups, in bottom and top income quintile

Help given in	To family			To friends, colleagues and neighbours			To institutions, charity organisations		
	Total	1st quint	top quint	Total	1st quint	top quint	Total	1st quint	top quint
Czech Rep.									
cash	20	13	33	8	7	16	9	2	18
goods	22	18	31	12	11	16	6	5	10
work	29	27	34	24	18	33	5	7	8
Poland									
cash	19	8	35	9	6	13	17	11	27
goods	23	14	31	16	11	19	12	7	18
work	23	17	29	18	15	22	5	6	7
Hungary									
cash	21	13	38	5	3	10	6	2	14
goods	23	15	34	5	4	6	4	3	11
work	32	29	44	18	15	26	4	2	5
Germany									
cash	12	5	19	3	3	4	5	3	7
goods	8	7	11	4	4	2	4	5	2
work	9	9	10	8	10	10	2	3	3
Slovakia									
cash	22	16	31	9	7	12	8	6	12
goods	23	20	28	11	12	15	5	4	6
work	28	28	31	21	24	22	6	6	7

Table N.23. Percentage of households getting help in different form from different groups, in bottom and top income quintile\*

Help got in	From family			From friends, colleagues and neighbours		
	Total	1st quint	top quint	Total	1st quint	top quint
Czech Rep.						
cash	13	22	8	2	4	2
goods	16	21	15	5	9	2
work	16	18	12	12	13	11
Poland						
cash	8	17	17	2	5	2
goods	9	15	15	4	7	3
work	7	9	9	4	6	5
Hungary						
cash	20	21	23	5	7	6
goods	19	13	23	4	3	7
work	24	19	23	15	14	19
Germany						
cash	10	26	7	2	5	2
goods	8	20	3	3	7	3
work	10	11	10	7	9	8
Slovakia						
cash	29	44	19	8	16	31
goods	30	43	23	10	13	28
work	35	44	33	24	30	31

Table N.24.

Structure of giving help (all sources) (The percentage distribution of all households reporting giving)

Type of help given	Czech Rep.	Poland	Hungary	Germany	Slovakia
All households					
Cash	31	34	30	40	32
Goods	31	35	30	29	32
Work	38	31	40	30	36
Total	100	100	100	100	100
Lowest quintile					
Cash	25	30	24	23	28
Goods	32	36	27	33	32
Work	43	34	49	44	40
Total	100	100	100	100	100
Highest quintile					
Cash	35	38	33	50	35
Goods	31	34	30	24	32
Work	34	28	37	26	33
Total	100	100	100	100	100



Table N.25.

Structure of getting help (all sources) (Percentage distribution of households reporting help received)

Type of help got	Czech Rep.	Poland	Hungary	Germany	Slovakia
All households					
Cash	32	40	34	41	31
Goods	32	34	27	26	32
Work	36	26	39	33	37
Total	100	100	100	100	100
Lowest quintile					
Cash	40	45	43	44	35
Goods	32	34	22	31	31
Work	28	21	35	25	34
Total	100	100	100	100	100
Highest quintile					
Cash	25	24	33	41	27
Goods	37	31	30	15	30
Work	38	45	37	44	43
Total	100	100	100	100	100

Table N.26.

Help expected: Percentage of households that expect help if needed, according to some variables

	Czech Rep.	Poland	Hungary	Germany	Slovakia
According to age cohort of HH Head					
Under 60	93	85	80	88	93
Over 60	84	76	75	83	87
According to educational level of HH Head (only extreme groups)					
Primary and less	85	77	74	83	89
Higher education	95	89	84	93	92
According to self-assessed poverty					
Absolutely poor	81	74	70	91	88
Occasionally poor	92	86	80	87	92
Not at all poor	91	85	83	86	92

Table N.27.  
Changes since 1990 in help between family members

A. Households helping parents

	Czech Rep.	Poland	Hungary	Germany	Slovakia
All households					
less	2	5	4	2	2
same	11	11	11	10	12
more	8	6	6	2	9
Lowest quintile					
less	4	5	5	2	2
same	12	6	11	9	12
more	6	5	4	1	10
Highest quintile					
less	2	4	5	3	2
same	10	13	16	12	15
more	3	8	12	5	11

B. Households helping children

	Czech Rep.	Poland	Hungary	Germany	Slovakia
All households					
less	3	3	7	1	2
same	15	12	13	11	14
more	10	6	9	4	14
Lowest quintile					
less	2	3	5	1	1
same	13	8	12	6	12
more	6	6	6	3	12
Highest quintile					
less	2	4	6	1	2
same	12	21	17	14	15
more	19	15	13	6	15

Table N.28.

To which institution would people like to turn for help, and to which would they not turn at all, in % of all households.

Institutions	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Would turn to						
State	50	32	20	70	56	46
Social work centers	42	54	25	60	49	46
Work-place	32	40	28	13	38	30
Local authorities	16	26	39	22	26	26
Trade Unions	17	21	11	7	22	15
Charity	12	19	11	12	15	14
Church	8	19	9	10	15	12
Self-help groups	4	8	6	9	7	7
Minorities	3	2	2	1	6	3
Political parties	1	1	1	1	2	1
Would not turn to						
State	11	24	20	4	18	15
Social work centers	19	26	37	12	19	23
Work-place	22	19	37	26	23	25
Local authorities	56	38	44	30	32	40
Trade Unions	31	33	54	32	27	35
Charity	35	32	45	31	39	36
Church	57	57	62	54	52	57
Self-help groups	26	21	43	26	28	29
Minorities	56	38	44	30	32	40
Political parties	68	67	82	63	73	71

Table N.29.

To which institution would people like to turn for help, and to which would they not turn at all (Rank order of institutions within country, based on % of households)

Institutions	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Would turn to						
State	1	3	4	1	1	2
Social work centers	2	1	3	2	2	1
Work-place	3	2	2	4	3	3
Local authorities	5	4	1	3	4	4
Trade Unions	4	5	6	8	5	5
Charity	6	6	5	5	7	6
Church	7	7	7	6	6	7
Self-help groups	8	8	8	7	8	8
Minorities	9	9	9	10	9	9
Political parties	10	10	10	9	10	10
Would not turn to						
State	10	8	10	10	10	10
Social work centers	9	7	9	9	9	9
Work-place	8	10	8	8	8	8
Local authorities	4	3*4	5*6	4*5*6	4*5	3*4
Trade Unions	6	5	3	3	7	6
Charity	5	6	4	4*5*6	3	5
Church	2	2	2	2	2	2
Self-help groups	7	9	7	7	6	7
Minorities	3	3*4	5*6	4*5*6	4*5	3*4
Political parties	1	1	1	1	1	1

Table N.30.

To which institutions would people turn according to subjective poverty (In % of all households)

POVERTY	Absolutely	Occasionally	Not at all	Total	Sign. level
State offices					
Czech Rep.	37	51	52	50	***,reverse
Poland	29	34	29	32	NS
Hungary	18	20	19	20	NS
Germany	91	75	67	71	***
Slovakia	51	58	56	57	NS
Social work centres					
Czech Rep.	47	42	41	42	NS
Poland	64	56	45	55	**
Hungary	27	29	15	26	***
Germany	74	69	56	61	***
Slovakia	49	53	43	49	NS
Local authority					
Czech Rep.	51	59	54	56	NS
Poland	43	40	31	38	*
Hungary	44	46	40	44	*
Germany	26	36	30	32	NS
Slovakia	25	33	33	32	NS
Workplace					
Czech Rep.	15	34	33	32	***,reverse
Poland	22	45	46	41	***,reverse
Hungary	13	29	37	28	***,reverse
Germany	9	8	16	13	***,reverse
Slovakia	18	37	43	39	***,reverse
Churches					
Czech Rep.	13	7	9	8	NS
Poland	20	19	18	19	NS
Hungary	11	9	10	10	NS
Germany	7	10	10	10	NS
Slovakia	20	17	14	16	NS

Table N.31.

The percentage of active heads of household who would turn to the workplace

A. By educational level\_

	Primary	Vocational	Secondary	Higher	Total	n
Czech Rep.	42	45	50	50	47	296
Poland	36	52	56	61	51	337
Hungary	40	47	49	52	47	244
Germany	23	19	23	29	23	114
Slovakia	44	54	50	55	52	353

## B. By professional group

	Un-skilled worker	Skilled worker	Small private	Middle white collar	Upper white collar	<i>Total</i>	n
Czech Rep.	49	58	24	45	47	47	291
Poland	58	67	9	73	51	51	337
Hungary	43	53	21	52	47	47	243
Germany	15	22	15	23	31	22	107
Slovakia	50	60	24	59	48	53	352

## Chapter 9

### 9. Values: what is important and for whom?

*Zsuzsa Ferge*

The study of values is an intricate affair. Within the constraints imposed on us, we tried to focus on values we thought to be important in assessing the problems of the transition, especially those related in some ways to social policy in the large sense. Also, the analysis has to remain somewhat superficial: we have hardly any insight on psychological motivations, beliefs about identities and such like. There is one most important flaw. Ethnic, racial and national (not to say nationalist) issues seem to play an increasing role both in within-country and between-country tensions. We have left this whole realm out of the scope of our inquiries, partly because this is a well-researched issue, and partly because we would not have been able to handle it adequately within the given framework.

What we have, then, are information about the evaluation of various freedoms and their fulfillment in real life; of various aspects of a safe or secure life (what we shall call existential securities); of the responsibility of the state (already discussed in the section on social policy); and a few aspects of inequality. With a more or less direct approach, we also gained some (admittedly very superficial) insight in the role of religion, of family ties, and the like. In this section we shall focus on the two values of freedom and security, which are usually thought to be in conflict. It seemed to us that at present the importance of the need for security is somewhat downplayed (in particular by a politics inspired by monetarism), while the readiness of people to take risks in order to improve their chances in a competitive culture is overestimated. We do not think that the need for some basic securities is a specific feature of transition countries - in one form or another it seems to be a widely found human need, both psychologically and socially. Nonetheless, it may have acquired a particular importance in transition countries just because it has become suddenly put in jeopardy.

11 types of freedoms and 8 types of securities were presented to the respondents. They had to rate them (on a scale of 7 points) in two ways: how important they thought these items were, and to what extent they thought that they were assured or implemented.

#### 9.1. Freedom and security - Overall findings

The first general observation is that the importance attached to both of these values is remarkably similar between countries. The averages reflecting the evaluation of freedoms or securities over the whole range of items by country shows a minor, insignificant difference (last line of Tables V.1. and 2). Even more to the point, the average scores for freedom and security ranked according to the regional hierarchy, also presented in Table V.1. and V.2, are uncommonly close to each other. (This rank order is totally different from the sequence of questions in the questionnaire. For the sequences in the questionnaire see Tables V.12 to V.15.)

In the case of the importance of freedoms, there is very little difference among the countries either in the average scores themselves, or in their rank ordering, with the single exception of religion in Poland (which ranks there among the most important values, whereas elsewhere it is among the least important ones). What slight variations there are, are not significant. The importance attached to securities is almost impossible to rank (in fact, the rank order is based on the 2nd or 3rd decimal digit). With the exception of the last item, the calculability of politics, existential securities are all

given almost maximum importance.

Existential securities are given consistently more importance than freedoms. This seems to be the consequence of the experiences of recent years. There is some evidence that at the time of the transition freedom jeopardized or curtailed beforehand was at least as important as existential securities. Since then, freedom seems to have become part of reality. It also appears to be more securely implanted than existential security which is currently threatened or undermined. In short, people think more important what they don't have than what they do have.

Moreover, the evaluation of securities shows more homogeneity than that of freedoms. In the case of securities 'calculability of politics' excepted all the securities are aspects of personal life and family living conditions, and all of them are valued very highly. It seems as if people would not or could not make a very definite choice between, say, job security and the security of the future of children. The evaluation of freedoms shows a more varied pattern. They seem to fall into several categories without forming discernible clusters.

The categories of freedom show some, albeit only limited, association with the well-known categories of Marshall's civil, political and social rights or freedoms (Marshall 1965). However, their rank order is almost the reverse of the 'three generations of rights'. In Marshall's historical approach civil rights formed the first set of rights that were acquired, political rights the second set, and the fight for and acquisition of social, cultural etc. rights 'crowned' this long process. In political science terminology, civil and political rights belong to the first generation of rights, social rights to the second, and 'personal' rights (which do not figure in Marshall's analysis) to the third. From our perspective the conceptual difference between the two approaches is not relevant; their similarity is more pertinent and the addition of 'personal rights' is important.

According to our results, and contrary to either of the above categorizations, priority is in fact given to 'personal' freedoms and rights. At this point we do not have a good explanation why the freedom of choice of doctors should be given precedence over, let us say, the freedom of press. The high rank of the freedom to travel is somewhat clearer. Less in Hungary and Poland, more so in the other countries, this freedom was very much curtailed, and meant much more symbolically than just restrictions on free movement. It was a clear sign of 'societal imprisonment'.

The other group of rights given high priority (probably even higher than personal freedoms) are the 'positive freedoms' in the sense given to them by A. Sen (1990). These freedoms are captured here as 'securities'. Indeed, the importance attached to the education of children, to housing, to health care or to income security may be interpreted as commitment to social rights. Moreover, the anxiety about the future of children is more than just insecurity about schooling. Future jobs, future housing accommodation and such like are also at stake. Jobs as such seem to be a lower priority, but when the sample is broken down according to those under and over the pensionable age limit, jobs are also ranked high by the young.

'Civil' and political rights form an unclear mixture. Freedom of ownership, the absence of which was the ideological and factual basis of all other missing freedoms, is given top priority only in Poland. Freedom of enterprise ranks also relatively low - maybe because it affects only a minority. Around 80 percent of those who have a private venture give the score 7, while this ratio is around or under 50 percent in case of the others - who in turn are the overwhelming majority. Thus for those concerned, this freedom is among the most important, but otherwise it has low priority. Only one finding seems to invite a generalization at this point: political rights in the abstract (freedom of press or opinion) are valued more than those that demand continued and active involvement (formation of a party or an organization). The implications are not very clear. We are inclined to conjecture that hectic politics and disillusion with the everyday operation of democracy may play some role in lowering the prestige of these freedoms; and that in the last few years erratic politics, unfulfilled electoral promises, and ineffective social actions have somewhat alienated people from active



political participation<sup>50</sup>.

Still, both freedoms and securities are important. The country means for the two sets differ by one scale point - about 15 percent. As we shall see, intra-country differences may be at times more significant. In particular, there is nobody in any of the countries who would assign no importance (score 1) simultaneously to several freedoms or securities; and over 70 percent of the whole sample do not give any score of 1 to freedoms, and over 90 percent to securities.

The assessment of the implementation of freedoms and securities, to what extent are they actually assured, shows more variety. In the first place, people tend to think everywhere that freedoms are by and large secure. The average score is higher for the implementation than for the actual importance of freedoms. Only two means are under 5, and more than half of the averages are over 6 (7 being the maximum). As Table V.3. shows, the relatively low scores do not show any very consistent pattern: the country averages are rather close to each other. The few exceptions - a relatively low score for the implementation of the freedom to choose doctors in Poland, and for the freedom of opinion in Slovakia - while not very significant, may deserve attention on the part of policy-makers.

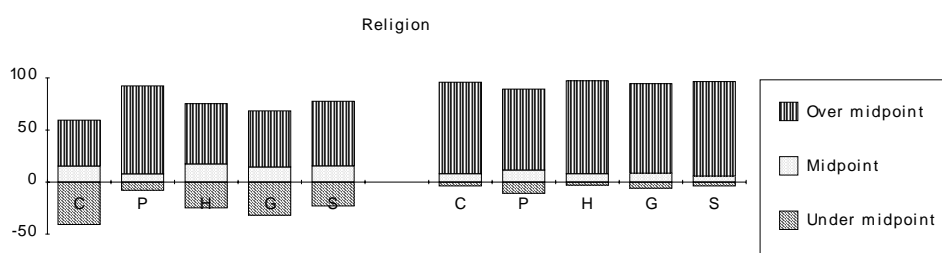
The proximity of the mean scores for the importance and implementation of freedoms does not mean that these two sets are fully correlated. (The correlation coefficients are around 0.5.) People may judge some freedoms as both relatively unimportant and still very well assured. In fact, this is what is happening. The formation of parties is not judged to be very important (compared to other freedoms) but freedom in this respect is said to be practically fully assured. That is why the ratio describing this relationship between realization and importance may be well over 100 percent (Table V.5). This does not mean that freedoms are 'too secure', that there is a 'surplus of freedoms'. Only that there is no deficit, no apparent problem with their guarantee. On the whole, it seems to us that the transition has brought with it political fruits - democratic institutions are by and large taken for granted, and people have confidence that they are well established. The distribution of the answers (and their presentation in charts ) may render these relationships more tangible (Table V.6, V.7, V.8, Chart 9.1, 9.2, 9.3).

Chart 9.1.

Freedom of religion.

a. Importance of freedom

b. Safe realization of freedom



<sup>50</sup> It seems to us, post festa, that we should have added free elections to our list. Our guess is that this item would have ranked at least as high as freedom of press or opinion. At the time we thought that "the freedom of party organisation" has the same connotation as free elections. We were probably wrong.

Chart 9.2.

## Freedom of party organization

## a. Importance of freedom

## b. Safe realization of freedom

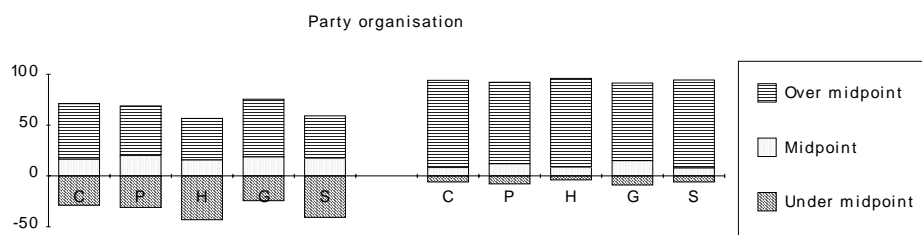
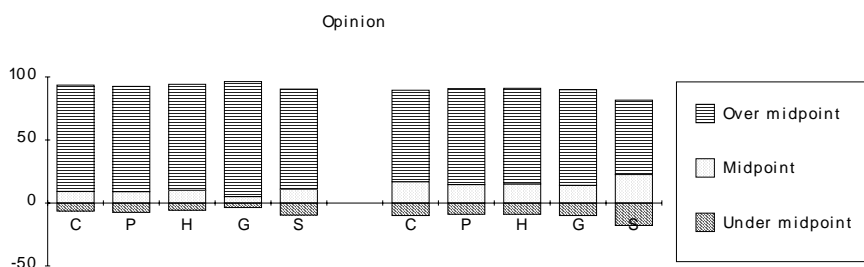


Chart 9.3.

## Freedom of opinion

## a. Importance of freedom

## b. Safe realization of freedom



The picture becomes less uniform and less comforting when it comes to the implementation of securities (Table V.4 and V.9). Nothing is felt to be fully secure. (No ratio of realization/importance reaches 100 percent). The only fixed component of everyday life seems to be the family. People attach a huge importance to it and are confident of its stability. As the assessment of helping networks showed, this belief is quite well grounded. Otherwise, there is a significant deficit in desired securities. It is the largest in case of public safety, then the future of children and income. The scores are by and large half as high for the implementation than for the importance of these items. But if one compares the implementation of securities with that of freedoms the difference is blatant (Table V.10, V.11, V.12, Chart 9.4, 9.5, 9.6).

Chart 9.4.

## Income security

## a. Importance

## b. Realization

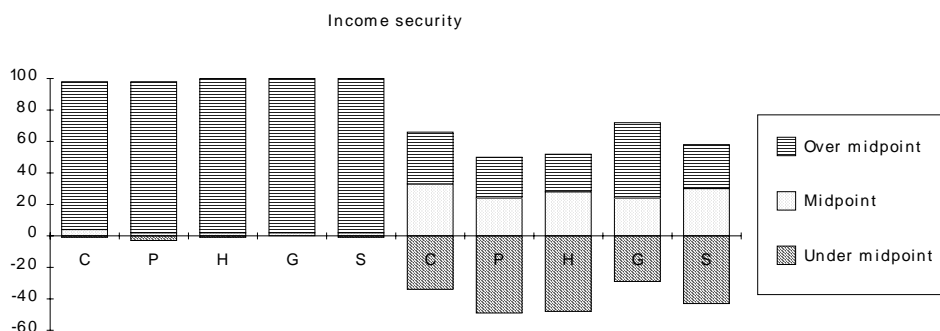


Chart 9.5.

## Security of future of children

## a.Importance

## b. Realization

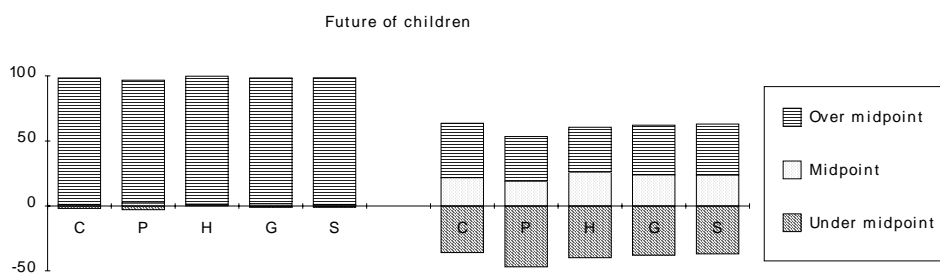
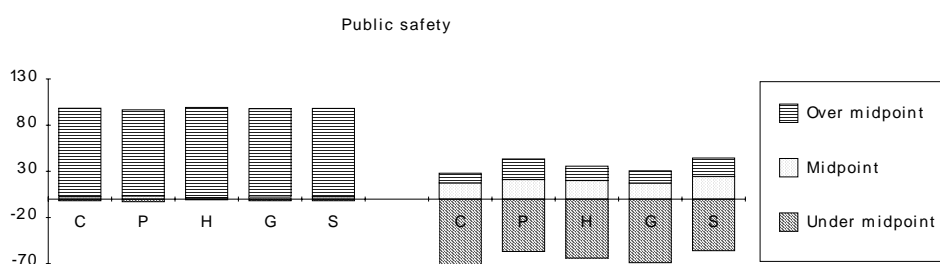


Chart 9.6.

## Public safety

## a.Importance

## b. Realization



Let us add two comments here. First, while we have some public opinion research about the deficit of freedom in former times, there is hardly any information about the importance and evaluation of securities in the ancien regime. The few hints we have suggest that social rights and securities were ranked as or only slightly less high than freedoms. Most importantly, we do not have comparable statistical data about the impact of political insecurity - the constant anxiety instilled by totalitarian, unlawful practices concerning all freedoms<sup>51</sup>. We are convinced that this was a major

<sup>51</sup> We committed another error here. We assumed, wrongly, that the expression, calculability of politics, may

source of anxiety and stress (very likely strongly connected with unusually high morbidity and mortality ratios in the region). Its disappearance is a major gain, but we do not have the instruments to check its psychological impact.

The second comments concerns the measured security gap. Many will be inclined to interpret this feeling as a nostalgia for past securities. We do not really think that is so. It seems to us that the aspiration to basic securities is a 'constant' of life. Western social security systems themselves -- usually more developed than their eastern counterparts -- may be seen as responses to this need. Thus it is not the lost security 'of socialism', but lost security tout court which is regretted.

As we have already mentioned differences within the countries may be sometimes more important than differences between countries. No doubt in many cases there is little intra-country variation especially when the scores are close to the maximum as is the case of the importance of all the securities and most of the implementation of freedoms. The variation coefficients are unusually low when people assess the importance of security or the implementation of freedom. They are (in each country and the region as a whole) around 0.10 in the case of securities, and around 0.20 in the case of the implementation of freedoms. They are somewhat higher - between 0.2 and 0.4 - when assessing the importance of freedom, and between 0.3 and 0.5 when judging the safety of securities. Consequently, the analysis of the variation of the answers is not always meaningful.

## ***9.2. Within country variations in the assessment of values***

### **a. Complex explanation of the evaluation of freedoms and securities**

The structuration of the variations of opinion within the countries was assessed in this case too by means of a multivariate analysis using linear regression equations. The results are displayed in a compressed way in Tables V.13 to V.16 using fifteen independent variables comprising objective and attitudinal ones.

The answers relating to the importance of freedoms (Table V.13) are in quite a few cases -- for instance the choice of doctors -- so uniform that the variance explained (Adj. R square) is very small and only a few variables have a significant explanatory power. Opinions are most divided in case of the importance of the freedom of religion. The division has the same logic everywhere: in all five countries the single significant explanatory variable is whether religion plays an important role in the life of the household. Some other variables appearing here and there with a lower level of significance are age and education. In practically all the other cases the evaluation of the regime change is the most important significant explanatory variable. In Hungary and in Hungary only education plays a similarly important role regarding all the freedoms. The importance attached to the freedom of ownership and of enterprise is also very strongly related to the positive valuation of the system, but the other relatively important factors are the financial situation of the households and maybe on a lower level of significance the fact of having now an enterprise. The role of the type of domicile was checked separately: town-dwellers are more enterprise-minded, but the factor is not significant in the multivariate analysis.

The opinions about the extent freedoms are securely established show hardly any variance: people believe in the stability of the political system. If there are any variations (as in case of the freedom of opinion in the Czech Republic and Germany, political freedom in Germany) the significant explanatory variable is either the evaluation of the regime change or the political

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invite this association as well. If we try to interpret, though, what meaning could have been attached to this question, it seems - on the basis of the answers to the open question about good and bad things happening in the country - that people associated this question with current unsettled or hectic political practices.

orientation. Apparently those pleased by the regime change also think that freedoms are more secure. There is a paradox there. Satisfaction with the regime change is related to higher social positions. Meanwhile in some cases -- especially in the case of freedom of enterprise -- the better educated and better-off may be slightly more distrustful than the others (Table V.14). .

The same uniformity characterizes the importance of most securities with the exception of job security in which case opinions are somewhat divided. The only important explanatory variable is age in this case - younger people are much more concerned than older ones. It may be perhaps noted that despite of the crudity of the method many results 'make sense' also in this case. It may be observed for instance that in case of the importance of family life the only significant variable is whether there are children in the family (Table V.15). If there appear other, somewhat less significant variables in the results they suggest that existential securities are found somewhat more important than average by those subjectively poor, the less educated, those having an insecure or lowly job, and sometimes village inhabitants.

With respect to the implementation of securities, the situation is altogether different. There is a strong differentiation of opinions and the equations explain quite a sizable part of the variations. The opinions are influenced by the attitude towards the new political system mostly in case of the calculability of politics and of public safety. In case of the securities related to living standards (security of income, of housing, of health, of the future of children) the explanation is offered essentially by the objective or subjective economic situation of the household such as the level of income, the extent of poverty, the ease or difficulty of making ends meet, and in many cases the number of problems encountered in covering housing costs. The case of job security is indeed special. Over and above age and income, the fact of having experienced unemployment either in the past or at present is in at least two countries a highly significant explanatory factor (Table V.16).

## **b. The freedom-security trade-off**

The overall message that the importance of freedoms seems to have now given way to the higher valuation of securities merits a more involved analysis. Hence we computed (for each household) an indicator based on the relationship between the average score given to freedoms and securities. This variable (based on the difference between the two scores) shows more clearly than any other indicator the inner differentiation of the trade-off between these values.

In all the countries the proportion of households which value freedoms more than or just as highly as securities is not very high: it ranges from 18 to 30 percent. We deliberately included in this group those households which gave the same average score to the two sets (their number was not high). The ratio of those for whom security is much more important than freedom (with a difference over 2 digits) is slightly lower than the rate of freedom-lovers (Table 9.1 in text).

Table 9.1.

Percentage distribution of the answers of heads of household according to the difference in their average scores for the difference between the importance of freedom and security

	Czech R.	Poland	Hungary	Germany	Slovakia
Freedom more than, or as important as, security	25	30	14	20	18
Security more imp. by less than 1 digit	36	38	33	39	37
Security more imp. by 1 to 2 digits	23	20	26	28	26
Security much more important than freedom	16	12	27	13	19
Total	100	100	100	100	100

The social differentiation of the new variable (Fresex) is quite marked. According to a regression analysis run with over 10, potentially important independent variables, four proved to be significant in all the countries. (The whole set of variables explained close to 15 percent of the variance in four out of five countries. The exception was Germany. These results are not displayed.)

Two of the most important explanatory variables are sociological ones: education and job. Two others are politico-psychological: the assessment of regime-change and political orientation. Having a private venture and experiencing unemployment in the family influenced the results in a predictable way: entrepreneurs valued freedom more, unemployed valued security more. However these differences have not proved to be very significant. Interestingly, many variables likely to influence this attitude such as income, subjective poverty, change of income or even future prospects had little or no differentiating role. The results of the variance analysis are not displayed, instead some of the interrelationships are shown. In case of the important differentiating factors all the tendencies are marked (as displayed in Tables V.17, 18 and 19). As we go from worse to better positioned social-professional groups or to better educated groups, from left to right, and so forth, the ratio of those who value freedom more than security increases, and the ratio of those who value security more, even much more than freedom, decreases. But the trend is not monotonous. Among the 'freedom-lovers', it is almost always only in the top group (managers and professionals, those with a higher education degree, those far to the right, etc.) that the proportion becomes genuinely high. In sum, the complex evaluation of freedom and security seems to be much more influenced by social position and political attitudes than the separate evaluation of either.

Table V.20 displays the mean scores of the importance of freedom and security in the various trade-off groups, adding also information about the average equivalent income and the rate of the poor in these groups. These last data confirm the above findings about the interrelationship between the evaluation of freedom and living standards. The difference between the average income and the rate of poverty of the two extreme groups is always significant, sometimes exceedingly so (Table 9.2 in text). There is no clear tendency about the relative importance of objective and subjective income. Sometimes income and sometimes the rate of the subjectively poor is more differentiated between the trade-off groups.

Table 9.2.

The relationship between the trade-off groups of freedom/security and their income situation

	Czech Rep.	Poland	Hungary	Germany	Slovakia
<i>Average equivalent income in USD among the extreme 'freedom-lovers' as a multiplier of that of the extreme 'security-lovers'</i>					
Freedom more important than security	1.4	2.2	1.4	1.2	1.3
Security much more important. than freedom	1.0	1.0	1.0	1.0	1.0
<i>The rate of absolutely poor an occasionally poor in the extreme 'security-lovers' as a multiplier of that of the extreme 'freedom-lovers'</i>					
Freedom more important than security	1.0	1.0	1.0	1.0	1.0
Security much more important. than freedom	1.5	1.2	1.2	1.7	1.5

However, and this seems to us a particularly relevant finding, the evaluation of freedom varies much more among the 'trade-off' groups than the average score attached to securities. Moreover as shown by Table V.20 the difference in favor of freedom is never over 1 digit. (For example if the average score for all freedoms was 6.5, the average for securities was never less than 5.5.) In fact, the evaluation of security is almost the same in each group, and it is always far above 6, mostly above 6.5. If we take into account the objective conditions of these groups, for instance on the basis of their equivalent income, it seems that the extreme security-lovers just 'cannot afford' to be too much concerned about freedoms - they have to struggle for getting along. In other words, security is never handled lightly - it is of utmost importance even for those who value freedom above all.

### 9.3. Religion and political orientation

Out of all the values mentioned, there are two which are conventionally thought to belong to a conservative value-system: religion and the family. The importance attached to the security of family life, as well as to that of the future of children are so high that their mean score is practically identical in all traditional 'class-related' social groups (income, education, etc.); even religious or political attitudes are irrelevant. More precisely, religious feelings have absolutely no impact on the value attached to the family, and in a few countries rightist political orientation has only an insignificant impact.

The relationship to religion fits more, but not too strongly, conventional wisdom. First of all, the inter-country difference is again notable. We have emphasized the uncanny similarity between the countries in the evaluation both of the importance attached and the degree of implementation of various values. We have indicated that the only exception was religion. The difference between the mean score attached to the importance of religious freedom is 1.5 to 2 digits between the most religious country, Poland, and the the most laic ones, the Czech Republic and Germany. Incidentally, the attachment to religion is not based only on this item. It may be measured on the basis of the question whether religion plays a role in the life of the members of the household (RELIG). The differences in this respect are also extremely significant between countries. The rank order of this ratio is similar to that obtained on the basis of the mean scores of the importance of religious freedom (Table V.21). This suggests that, in fact, the importance attached to religious freedom and religious feelings are closely connected.

The importance assigned to religion is practically uninfluenced by usually very potent explanatory variables such as education or income. As it was already pointed out the chief

differentiating factor is religious feeling in the family. Also, older people seem to be more religious, and sometimes the village appears as a weak factor. Political or psycho-social attitudes, especially a right-wing orientation in politics, and positive evaluation of system change are slightly more important. In Poland, the education of the father appears with a relatively high significance. This may mean (albeit indirectly) that family tradition counts; but, as may be conjectured from the analysis of other items where the father's education appears, this variable somehow takes the place of the respondent's own education.

At this point we need to qualify the use of the terms 'left' and 'right' political orientation. Neither of these terms is unequivocal. In the present context it is clear that those who label themselves as belonging to the 'right' may be right-liberals or right-conservatives. The simplest proof is the case of the Czech Republic which is, simultaneously, the most right-wing oriented and the most lay country. It also has to be emphasized that people had to place themselves on a scale with seven degrees from left to right, so that the political positions are 'fine-tuned'. It should be noted (Table V.22) that, with very few exceptions, extreme left and extreme right positions are scarce and the attraction of the center is extremely strong. Indeed, the mean scores of three countries - Poland, Hungary, and Slovakia - are so close to the mid-point that the deviation from the mean is almost insignificant. There is a clear bias to the right in the Czech Republic, and a somewhat less clear bent to the left in Germany. So whenever we invoke the variable of political orientation, this mildness in political orientation has to be born in mind.

#### **9.4. Equality**

The anxiety concerning income security, job security or the future of children are all indirectly related to the allocation of resources that have an impact on life chances, and hence are related to feelings about inequalities. The point is more directly illustrated by the answers to the question what people think about income differentials, both now and in the past. (Because of erroneous translation, this question could not be used in the case of Germany.) As we already mentioned in the chapter on Incomes, income differentials at the end of the former regime were assessed as acceptable by two thirds to three quarters of the households, a very considerable majority. Those who contended that they had been too small or too large constituted always a minority. The not too significant inter-country differences probably reflected the reality of the end of the 1980s. The relatively highest proportion who stated that income differentials were too small was to be found in the Czech Republic, while Hungarians more often than others thought them too large (Table V.23 same as I. 29). These opinions have radically changed. An overwhelming majority - from 67 to 90 percent - think that income differentials are now too large. Again, the inter-country differences may be influenced by reality: indeed, income inequality seems to be far larger in Poland and Hungary than in the Czech Republic (see Chapter 3).

Intra-country differences have though also other reasons. There is a wide-spread opinion according to which 'proletarian envy', or just envy, motivates the poor or the less lucky to condemn income inequalities. Another stereotype attributes the hostility to income inequalities to a nostalgia for 'communism' or left-wing convictions in general. Our data support weakly or altogether refute these beliefs.

The multivariate analysis run with all the independent variables used in the previous section explains only a tiny fraction of the variation of the answers. In the analysis about the safety of some existential securities relatively high R squares have been obtained explaining sometimes as much as 30 to 40 percent of the variance with many significant explanatory variables. Meanwhile the variance of the differentiation of opinions about income differentials in the past is 1 or 2 percent (insignificant) in three countries. It is only in the Czech Republic that 6 percent of the variance was explained which is also a very low figure.. The significant variable in this case was the occupation of the head



of household, more precisely whether he/she was an unskilled worker. The current opinions are even less well explained, the adjusted R squares vary between 1 and 5 percent.

The cross-tabulations (separating always those under and over 60, because differentiation was even less clear-cut in the older age-group) underpin the same finding. Unemployment in the household never yields a significant chi-square. The level of education and income do produce a chi-square on the \*\*\* level, but only in the Czech Republic; in the other countries the relationship is weaker or non-existent. Only subjectively felt poverty produces significant differences between the groups in all the countries. However, the significant majority of even the subjectively best-off group deems income inequalities too high. Tables V.24 to V.26 display the ratios of those who think that income differentials are too high now for three variables which had some significance in the regression analysis. Age does not have a significant impact on the opinions but the younger subsample may be less influenced by past experiences. Table V.27 gives a summary about these differentials for all households, showing only the extreme groups.

In all the classifications scrutinized the relationship between the independent variable and the opinion about income inequality is always perfectly linear: there is a monotonous decrease from left to right, from rich to poor, and so forth. Still, with four exceptions (three in the Czech Republic, one in Hungary in the case of the extreme right, representing 1 percent of households), no ratio of those thinking current income inequalities too high falls under 60, and they are mostly around or above 80 percent. (Tables 24 to 27, Chart 9.7 and 8).

Chart 9.7.

Percentage of interviewees saying that income differentials are too high in extreme groups of deprivation or political left

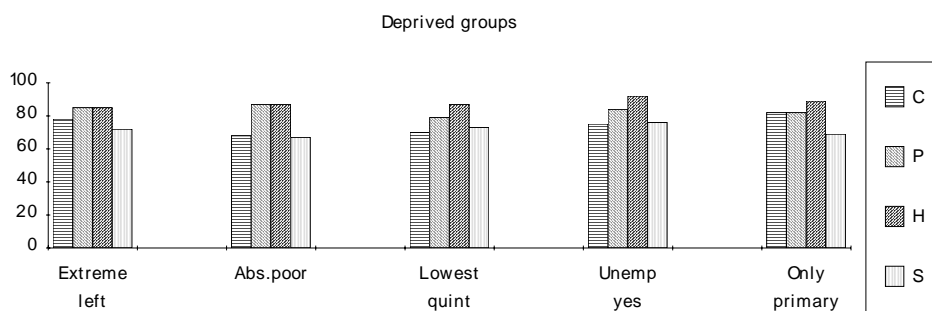
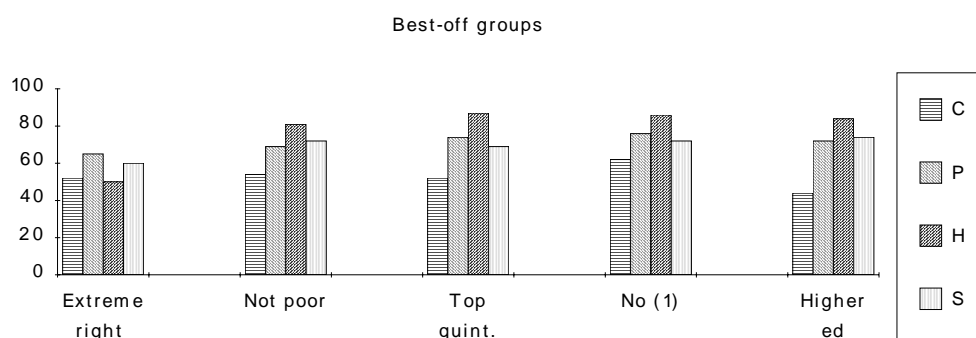


Chart 9.8.

Percentage of interviewees saying that income differentials are too high in extreme groups of good status or political right



In other words, income inequality is thought to be too large not only by the poor and deprived,

but also, and almost to the same extent, by the objectively and subjectively well-off, those who have a good chance of succeeding on the market, or have already done so.

The above results taken together, along with what we have said in the chapter on social policy about state responsibility, seem to indicate that there is no genuine opposition either between freedom and existential security in the perception of people, nor between freedom and (in)equality. The majority would like a society with secure civil and political freedoms, but also with strong social rights, and less conspicuous income inequalities.

Whether these aspirations may or may not be fulfilled under the present conditions is an open question. But political decision-makers should not ignore the wishes of people. However, prevalent tendencies and many inside and outside pressures go directly and almost deliberately against the will of the majority, assuming that the values they share are outmoded remnants of the past, unfit for a market society. This contradiction may produce uncomfortable results, from political apathy and disillusion about democracy to the attraction of (irresponsible) populist demagoguery.

## Tables Chapter 9

Table V.1.

Average scores of the importance attached to various freedoms (7-point scale)

FREEDOMS	Rank order based on 5 countries	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Choice of doctor	1	6.0	6.0	6.0	6.4	5.9	6.1
Travel	2	6.0	6.2	5.9	6.3	6.0	6.1
Way of life	3	6.0	6.1	5.9	6.2	6.1	6.1
Opinion	4	6.0	5.9	6.0	6.3	5.8	6.0
Ownership	5	5.9	6.3	5.5	6.1	6.0	6.0
Press	6	5.9	5.8	5.6	5.9	5.7	5.8
Enterprise	7	5.8	6.0	5.5	5.6	5.7	5.7
Political	8	5.6	5.6	5.3	5.9	5.5	5.6
Religion	9	4.1	6.0	4.9	4.6	5.1	4.9
Civil organization	10	4.5	4.6	4.3	4.9	4.2	4.5
Party	11	4.7	4.4	3.9	4.8	4.0	4.4
<i>Country mean</i>		<b>5.5</b>	<b>5.7</b>	<b>5.4</b>	<b>5.7</b>	<b>5.5</b>	<b>5.6</b>

Table V.2.

Average scores of the importance attached to various securities (7-point scale)

SECURITIES	Rank order based on Region, average	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Children's future	1	6.8	6.6	6.9	6.7	6.8	6.8
Housing	2	6.7	6.6	6.9	6.8	6.8	6.8
Family life	3	6.7	6.7	6.9	6.7	6.8	6.7
Health care	4	6.7	6.6	6.8	6.7	6.8	6.7
Income	5	6.4	6.6	6.8	6.7	6.7	6.6
Public safety	6	6.6	6.5	6.8	6.7	6.6	6.6
Job	8	6.4	6.6	6.8	6.7	6.6	6.6
Calculability of politics	7	4.5	4.9	5.8	6.0	5.0	5.3
<i>Country mean</i>	*	<b>6.4</b>	<b>6.4</b>	<b>6.7</b>	<b>6.6</b>	<b>6.5</b>	<b>6.6</b>

Table V.3.  
Average scores of the degree various freedoms are assured (7-point scale)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Choice of doctor	5.8	4.6	6.2	6.1	5.3	5.6
Travel	6.6	6.1	6.3	6.6	6.3	6.4
Way of life	6.1	5.9	5.8	5.8	5.5	5.8
Opinion	5.4	5.5	5.6	5.5	4.9	5.4
Ownership	5.9	4.9	5.9	5.9	5.4	5.6
Press	5.7	5.0	5.5	5.7	5.0	5.4
Enterprise	6.1	5.7	5.9	5.9	5.4	5.8
Political	6.1	5.7	6.0	5.5	5.5	5.7
Religion	6.2	5.7	6.3	6.0	6.3	6.1
Civil organization	5.9	5.5	6.0	5.7	6.0	5.8
Party	6.0	5.7	6.2	5.5	6.0	5.8
Country mean	<b>6.0</b>	<b>5.4</b>	<b>6.0</b>	<b>5.8</b>	<b>5.6</b>	<b>5.8</b>

Table V.4.  
Average scores of the degree various securities are assured (7-point scale)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Children's future	4.1	3.7	3.9	3.9	4.0	3.9
Housing	5.0	5.2	5.9	4.8	5.7	5.3
Family	5.4	5.9	6.2	5.5	6.0	5.8
Health care	4.7	4.6	5.5	5.2	5.0	5.0
Income	4.0	3.5	3.5	4.2	3.6	3.8
Public safety	2.7	3.3	3.0	2.8	3.3	3.0
Job	4.1	4.6	4.9	3.6	4.8	4.4
Politics	3.6	3.2	3.6	3.5	3.4	3.4
Country mean	<b>4.2</b>	<b>4.2</b>	<b>4.6</b>	<b>4.2</b>	<b>4.5</b>	<b>4.3</b>

Table V.5.  
Degree to which freedoms are assured (Scale of freedom/scale of security of freedom, freedom=100)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Choice of doctor	97	77	103	95	90	92
Travel	110	98	107	105	105	105
Way of life	102	97	98	94	90	95
Opinion	90	93	93	87	84	90
Ownership	100	78	107	97	90	93
Press	97	86	98	97	88	93
Enterprise	105	95	107	105	95	102
Political	109	102	113	93	100	102
Religion	151	95	129	130	171	124
Party	131	120	140	116	143	129
Civil organization	128	130	159	115	150	132
Country mean	109	95	111	102	102	104

Table V.6.  
Distribution of answers about freedom of religion

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to freedom of religion					
Under midpoint	41	8	25	32	23
Midpoint	15	8	17	14	16
Over midpoint	44	85	58	54	62
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Realization of freedom of religion					
Under midpoint	4	11	3	6	4
Midpoint	8	12	8	9	6
Over midpoint	88	78	89	86	91
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table V.7.  
Distribution of answers about freedom of party organization

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to freedom of party organization					
Under midpoint	29	31	43	25	41
Midpoint	17	20	16	19	18
Over midpoint	55	49	41	57	42
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Realization of freedom of party organization					
Under midpoint	6	8	4	9	6
Midpoint	8	12	9	15	8
Over midpoint	86	80	87	76	86
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table V.8.  
Distribution of answers about freedom of opinion

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to freedom of opinion					
Under midpoint	7	8	6	4	10
Midpoint	9	9	10	5	11
Over midpoint	84	84	84	91	79
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Realization of freedom of opinion					
Under midpoint	10	9	9	10	18
Midpoint	17	15	15	14	23
Over midpoint	73	76	76	76	59
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table V.9.  
Degree to which securities are assured (Scale of freedom/scale of security of freedom, freedom=100)

	Czech Rep.	Poland	Hungary	Germany	Slovakia	Region, average
Children's future	60	56	56	58	59	57
Family	81	88	90	82	88	87
Health	70	70	81	78	75	75
Housing	75	79	86	71	84	78
Income	63	53	51	63	54	58
Public safety	41	51	44	42	50	45
Job	64	70	72	54	73	67
Politics	80	65	62	58	68	64
Country mean	66	66	69	64	69	67

Table 10.  
Distribution of answers about income security

Income security	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to income security					
Under midpoint	1	3	1	0	1
Midpoint	4	2	2	2	2
Over midpoint	94	96	98	98	98
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Realization of income security					
Under midpoint	34	49	48	29	43
Midpoint	33	24	28	24	30
Over midpoint	33	26	24	48	28
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table V.11.  
Distribution of answers about the security of the future of children

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to a secure future of children					
Under midpoint	2	3	0	1	1
Midpoint	1	2	1	2	1
Over midpoint	98	95	99	97	98
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Degree of implementation of the secure future of children					
Under midpoint	36	47	40	38	37
Midpoint	22	19	26	24	24
Over midpoint	42	35	35	38	39
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

Table V.12.  
Distribution of answers about public safety

Public safety	Czech Rep.	Poland	Hungary	Germany	Slovakia
Importance attached to public safety					
Under midpoint	2	3	1	2	2
Midpoint	2	3	1	2	3
Over midpoint	96	93	98	96	96
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Realization of public safety					
Under midpoint	72	57	64	69	56
Midpoint	18	21	20	17	24
Over midpoint	11	22	16	13	20
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>

## V.13. Summary results of the regression analysis of the importance of

How important is freedom of	Czech Rep	Poland	Hungary	Germany	Slovakia
	Adj.R squares				
1. Religion	24	4	19	12	22
2. Opinion	9	3	6	5	7
3. Choice of doctor	3	2	0	0	3
4. Press	4	3	7	4	6
5. Organizing pol. party	5	5	6	4	4
6. Org. civil society	7	6	9	3	4
7. Ownership	16	4	9	6	7
8. Travel	14	8*	12	5	10
9. Way of life	13	6	13	4	4
10. Entrepreneurship	14	5	17	4	9
11. Political freedom	9	9	12	4	8

The most significant explanatory variables (only if  $p < 0.001$  (sign \*\*\*)

1. Religion	RELIGION	RELIGION	RELIGION	RELIGION	RELIGION REGIME
2. Opinion	POVER LEFTRIGH	-	EDUC	-	REGIME
3. Choice of doctor	-	-	-	-	LEFTRIGH
4. Press	-	-	EDUC REGIME	-	-MAKEND REGIME
5. Organizing pol. party	REGIME	-	EDUC REGIME	-	REGIME
6. Org. civil society	EDUC	REGIME	EDUC REGIME	-	-
7. Ownership	POVER REGIME	REGIME	EDUC REGIME	WINLOS	POVER -MAKEND
8. Travel	POVER	REGIME	EDUC	-	MAKEND
9. Way of life	REGIME	-	EDUC	-AGE	-
10. Entrepreneurship	POVER	REGIME	EDUC	WINLOS	VENTYES REGIME
11. Political freedom	REGIME	REGIME	EDUC REGIME	-	REGIME

The independent variables entered in the equations:

HIGHP1	Any upper white collar, large owner in household
UNSKIL1	Any unskilled worker in household
VENTYES	Private venture now
EDUC1S4G	Educational level of head of HH, compr. in 4 groups
IUNIT5	Equivalent income quintiles
UNEMPR	When was there unemployment in HH (only past, currently)
AGECOH2	Age of head of HH: under/over 60
CHILDNX	No of children up to secondary
MAKEEND2	Make ends meet-now
POVER	Extent to which the HH considers itself poor
PROBNUM	Number of problems with housing costs
RELIG	If religion plays important role
WINLOS	Winner or losers
LEFTRIGH	Politically left or right
REGIME	Present regime is better or worse



Table V.14.

Summary results of the regression analysis about how well freedoms are assured

How well assured is the freedom of	Czech Rep	Poland	Hungary	Germany	Slovakia
Adj.R squares					
1. Religion	6	8	1	1	1
2. Opinion	16	3	5	13	6
3. Choice of doctor	3	3	2	6	1
4. Press	8	2	8	8	5
5. Organizing pol. party	4	2	1	6	0
6. Org. civil society	5	2	2	4	0
7. Ownership	7	4		7	3
8. Travel	6	3	2	2	2
9. Way of life	3	3	0	7	3
10. Entrepreneurship	3	3	4	3	2
11. Political freedom	5	1	3	10	2

The most significant explanatory variables (only if  $p < 0.001$  (sign \*\*\*)

1. Religion	-	RELIGION	-	-	-
2. Opinion	AGE(+60) LEFTRIGH	-	MAKEND	REGIME	-
3. Choice of doctor	-	-	-RELIG	-	-
4. Press	-	-	MAKEND	LEFTRIGH	
5. Organizing pol. party				MAKEND	
6. Org. civil society	REGIME				
7. Ownership		-EDUC		REGIME	-VENTYES
8. Travel	-	-	-	-	-
9. Way of life				LEFTRIGH	
10. Entrepreneurship	-	-	-	-	-
11. Political freedom	REGIME	-	-	REGIME	-

Table V.15.

Summary results of the regression analysis of the importance of securities

How important is security of	Czech Rep	Poland	Hungary	Germany	Slovakia
Adj.R squares					
1. Income	4	0	4	2	4
2. Family life	7	2	4	2	1
3. Health service	5	0	2	1	1
4. Housing	1	0	1	1	2
5. Job	14	1	4	12	10
6. Future of children	1	3	2	3	2
7. Calculability of politics	2	3	1	1	0
8. Public safety	3	0	0	1	1

The most significant explanatory variables (only if  $p < 0.001$  (sign \*\*\*4))

1. Income	-	-	-	-RELIGION	-
2. Family life	CHILD POVER	CHILD	-	-	-
3. Health service	POVER	-	-	-	-
4. Housing	-	-	-	-	-
5. Job	-AGE (+60)	-	-	-AGE (+60)	-AGE (+60)
6. Future of children	-	-	-	-	-
7. Calculability of politics	-	-	-	-	-
8. Public safety	-MAKEND	-	-	-	-

Table V.16.

Summary results of the regression analysis about how well securities are assured

How well assured is the security of	Czech Rep	Poland	Hungary	Germany	Slovakia
Adj.R squares					
1. Income	23	36	35	30	41
2. Family life	7	7	1	15	1
3. Health service	5	8	5	8	6
4. Housing	6	12	7	13	8
5. Job	18	20	12	26	19
6. Future of children	20	23	19	19	18
7. Calculability of politics	15	8	6	12	6
8. Public safety	7	6	1	8	5

The most significant explanatory variables (only if  $p < 0.001$  (sign \*\*\*)

1. Income	-PROBNUM MAKEND REGIME	-PROBNU MAKEND	POVER -PROBNU MAKEND WINLOS	AGE (+60) INCOME REGIME	INCOME POVER MAKEND WINLOS
2. Family life	REGIME	CHILD	-	POVER -PROBNU REGIME	-
3. Health service	-	MAKEND	MAKEND	INCOME	-
4. Housing	-	POVER	-	REGIME	POVER
5. Job	- AGE (+60) -PROBNUM REGIME	HIGH -UNEMP -UNKILL	-	INCOME - AGE (+60) REGIME	-UNEMP
6. Future of children	-PROBNUM MAKEND	-UNEMP -PROBNU MAKEND	MAKEND	PROBNUM REGIME	MAKEND
7. Calculability of politics	-PROBNUM	REGIME	REGIME	REGIME	REGIME
8. Public safety	REGIME	PROBNUM	-	REGIME	REGIME

Table V.17.

Percentage of heads of household who think freedom is more than, or as important as, security, or security is much more important than freedom (1 and 4 of FRESEX)

	Semi-unskilled worker	Skilled worker	Self-emp, small venture	Lower white collar	Upper white collar	Total
Czech Rep. Sign ***						
Freedom more important (1)	20	16	25	28	38	25
Security much more important (4)	25	22	6	10	9	16
Poland, sign *						
Freedom more important (1)	22	28	28	37	39	30
Security much more important (4)	21	11	14	9	5	12
Hungary, ***						
Freedom more important (1)	11	10	25	15	27	14
Security much more important (4)	34	28	19	26	13	27
Germany, *						
Freedom more important (1)	16	17	18	21	27	20
Security much more important (4)	24	14	11	12	8	13
Slovakia, ***						
Freedom more important (1)	8	13	18	18	29	18
Security much more important (4)	26	20	16	23	8	19

Table V.18.

Percentage of heads of household who think freedom is more than, or as important as, security, or security is much more important than freedom (1 and 4 of FRESEX) by assessment of regime change

REGIME	Much worse	Worse	Same	Better	Much better	Total
Czech Rep. Sign ***						
Freedom more important (1)	14	21	17	24	39	25
Security much more important (4)	31	29	24	11	5	16
Poland, sign *						
Freedom more important (1)	18	23	33	35	45	30
Security much more important (4)	26	14	10	6	6	12
Hungary, ***						
Freedom more important (1)	12	15	11	15	43	14
Security much more important (4)	35	27	32	16	8	27
Germany, ***						
Freedom more important (1)	18	6	18	24	28	20
Security much more important (4)	23	21	16	10	8	13
Slovakia, ***						
Freedom more important (1)	15	12	14	23	48	18
Security much more important (4)	31	20	19	9	8	19

Table V.19.

Percentage of heads of household who think freedom is more than, or as important as, security, or security is much more important than freedom (1 and 4 of FRESEX) according to political (left-right) orientation

	Left	Slightly left	Neutral	Slightly right	Right	<i>Total</i>
	Czech Rep. Sign ***					
Freedom more important (1)	20	24	20	28	35	25
Security much more important (4)	25	28	17	6	6	16
	Poland, sign *					
Freedom more important (1)	30	26	30	41	39	30
Security much more important (4)	16	16	12	6	7	12
	Hungary, ***					
Freedom more important (1)	19	15	13	18	38	14
Security much more important (4)	27	15	28	8	13	27
	Germany, ***					
Freedom more important (1)	18	19	18	29	52	20
Security much more important (4)	14	13	11	5	15	13
	Slovakia, ***					
Freedom more important (1)	18	6	18	18	33	18
Security much more important (4)	23	21	15	18	7	19

Table V.20.

Mean scores for the importance of freedom and security, and mean equivalent income in the trade-off groups

	Mean score of the importance of freedom	Mean score of the importance of security	Average equivalent income in USD	% of absolutely poor an occ. poor
<b>Czech Rep.</b>				
Freedom more than, or as imp. as, security	6.6	6.2	184	43
Security more imp. by less than 1 digit	6.0	6.5	172	50
Security more imp. by 1 to 2 digits	4.8	6.3	159	60
Security much more imp. than freedom	3.6	6.5	136	66
Total	5.5	6.4	166	53
<b>Poland</b>				
Freedom more than, or as imp. as, security	6.6	6.1	207	63
Security more imp. by less than 1 digit	6.0	6.5	120	73
Security more imp. by 1 to 2 digits	5.1	6.5	103	81
Security much more imp. than freedom	3.7	6.5	93	78
Total	5.7	6.4	139	73
<b>Hungary</b>				
Freedom more than, or as imp. as, security	6.8	6.5	178	68
Security more imp. by less than 1 digit	6.2	6.8	156	71
Security more imp. by 1 to 2 digits	5.1	6.6	134	79
Security much more imp. than freedom	3.8	6.7	129	82
Total	5.4	6.7	146	76
<b>Germany</b>				
Freedom more than, or as imp. as, security	6.7	6.4	1026	29
Security more imp. by less than 1 digit	6.2	6.7	948	32
Security more imp. by 1 to 2 digits	5.2	6.7	909	34
Security much more imp. than freedom	3.9	6.6	841	49
Total	5.7	6.6	938	34
<b>Slovakia</b>				
Freedom more than, or as imp. as, security	6.6	6.2	135	47
Security more imp. by less than 1 digit	6.1	6.6	125	58
Security more imp. by 1 to 2 digits	5.1	6.6	122	61
Security much more imp. than freedom	3.6	6.5	106	69
Total	5.5	6.5	122	59

Table V.21.  
The role of religion in the life of the family

Does religion play an important role in the life of the family	Czech Rep.	Poland	Hungary	Germany	Slovakia
Percentage distribution of households					
No	77	30	65	85	62
Yes	23	70	35	16	38
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Rank order of countries according to their attachment to religion					
	4	1	3	5	2
Rank order of countries based on the importance attached to religious freedom					
	5	1	3	4	2
Rank order of countries based on the average score of the importance of freedoms					
	4	5	1	2	3

Table V.22.  
Percentage distribution of households on a scale of seven grades going from left to right

	Czech Rep.	Poland	Hungary	Germany	Slovakia
Left, 1	3	7	5	3	7
2	6	9	5	9	8
3	10	15	17	25	15
4	36	46	61	51	45
5	20	11	9	10	14
6	16	7	2	2	6
Right, 7	10	5	2	1	7
Total	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>	<i>100</i>
Mean score	4.5	3.9	3.8	3.6	4.0
Under mid-point, %	19	31	26	37	29
Above mid-point, %	46	23	13	12	27
n=	837	832	751	1019	877

Table V.23.

Percentage distribution of households according to the evaluation of income differentials in 1990 and in 1995\*

	Czech Rep.	Poland	Hungary	Germany**	Slovakia
Income differentials 5 years earlier (in 1990)					
Too small	25	19	5		17
Acceptable	65	65	74		73
Too large	10	16	21		10
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>		<i>100</i>
Income differentials now (in 1995)					
Too small	10	7	3		15
Acceptable	24	13	9		11
Too large	66	80	88		74
<i>Total</i>	<i>100</i>	<i>100</i>	<i>100</i>		<i>100</i>

\*. Same as I.29

\*\* Question unusable because of erroneous translation.



Table V.24.

Percentage thinking that income differentials are too high now according to the educational level of head of household (Head of household under 60)

	Primary	Vocational	Secondary	Higher	Total	n (total under 60)	Sign. level
Czech Rep.	82	67	67	44	65	691	***
Poland	82	77	82	72	79	663	NS
Hungary	89	92	90	84	90	651	*
Slovakia	69	74	76	74	74	589	NS

Table V.25.

Percentage thinking that income differentials are too high now according to income quintiles (Head of household under 60).

	Lowest, 1	2	3	4	Highest, 5	Total	n (total under 60)	Sign. level
per capita income quintiles								
Czech Rep.	71	71	69	71	52	66	419	***
Poland	81	81	83	72	77	79	648	NS
Hungary	89	92	88	91	89	90	618	NS
Slovakia	73	75	82	74	66	74	556	NS

Table V.26.

Percentage thinking that income differentials are too high now according to subjective poverty (Head of household under 60).

	Absolutely	Occasionally	Not at all	Total	n (total under 60)	Sign. level
Czech Rep.	82	70	56	65	434	***
Poland	89	81	69	79	648	***
Hungary	91	91	85	90	648	*
Slovakia	67	74	74	74	561	**

Table V.27.

Summary: Percentage of interviewees finding income inequalities too high in the extreme groups of various categorizations. All households.

	Czech Rep.	Poland	Hungary	Germany*	Slovakia
		Political left and right (1 and 7 of LEFTRIGH)			
Extreme left (1)	78	85	85		72
Extreme right (7)	52	65	50		60
		Subjective poverty (1 and 3 of POVER)			
Absolutely (3)	68	87	87		67
Not at all (1)	54	69	81		72
		Objective poverty (1 and 5 of IUNIT5, equivalent income)			
Lowest quintile (1)	70	79	87		73
Highest quintile (5)	52	74	87		69
		Unemployment in household (UNEMP)			
Yes (2)	75	84	92		76
No (1)	62	76	86		72

\* Question unusable because of erroneous translation.

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